

The PRESIDING OFFICER. The motion is entered.

MORNING BUSINESS

Mr. REID. I ask unanimous consent the Senate now proceed to a period of morning business with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Iowa.

Mr. GRASSLEY. Speaking as in morning business?

The PRESIDING OFFICER. Yes.

TAX GAP AND THE MINIMUM WAGE

Mr. GRASSLEY. Mr. President, I would like to speak about two issues that have been much in the news lately: the tax gap and the minimum wage bill. We had on the front page of the Times today the discussion about the tax gap. In addition, with the release of the President's budget today, the administration has provided Congress substantive proposals to deal with the tax gap. It is now Congress's responsibility to consider these proposals, review them, and hear from the public and also see what more is possible in terms of addressing the tax gap. But the good news is we have already taken steps in this Congress to deal with the tax gap. We have very important tax reforms and tax gap measures included in the minimum wage bill. So Congress is effectively killing two birds with one stone.

First, we are providing needed tax relief for small businesses that could be harmed by the increase in the minimum wage—and I voted for an increase in the minimum wage. Second, in the minimum wage bill we are going after the tax gap and those who engage in the tax scams.

Two things: No. 1, we are dealing with efforts to help small business and, No. 2, we are at the very same time bringing more money into the Federal Treasury by closing tax scams and reducing the tax gap.

I would say, as a sidenote to my colleagues, particularly the new leaders on the Budget Committee, that these tax provisions are only the latest example of the Finance Committee producing additional revenues by changes in the Tax Code. Unfortunately, I feel as though I need to put on a Sherlock Holmes hat and hire a bloodhound to go out and try to find any savings that the Budget Committee makes and had enacted into law when it comes to the spending side of the ledger. We have more than done our job on the tax side. I say it is time for the Budget Committee to deliver savings on the spending side.

But let me turn back to the tax gap and turn back to the minimum wage bill. I am very pleased that in working with Senator BAUCUS we have, as part of the tax provisions contained in the

minimum wage package, a new provision—a number of provisions, in fact—that will go after those engaged in tax shelters and tax scams and take steps, then, in the process, to address the tax gap—in other words, money that is owed but not paid. I would like to highlight just a few of these provisions that are in the minimum wage bill that are closing the tax gap and shutting down tax scams.

We shut down the SILO scheme. That is an acronym. U.S. corporations cut their tax bills by purchasing and leasing back overseas government facilities such as sewer plants and subways in the country of Germany. We take additional steps to go after corporations that move to the Bahamas and have just a mailbox, not any people, and use the gimmick to cut their taxes. I can't tell you how many times I have heard speeches about that issue from Senators on the other side of the aisle. We can end the talking and we can start doing something about it with these very provisions contained in the minimum wage bill if we do not let succeed people who are talking about separating the tax provisions of the wage bill just to get a minimum wage bill passed.

We also tightened the rules on individuals who expatriate to avoid taxes legally owed in the United States—and we have that happen.

We end the fast and loose ways that corporations account for fines and penalties, so if a corporation gets a penalty for, let's say, polluting the environment, they do not get to deduct that from their income tax. We also increase penalties for those who underpay taxes due to fraud. I think everybody would agree with that. We double the fines and the penalties for those who use offshore financial arrangements to avoid taxes. The Finance Committee views that as a growing problem and a major reason that there is such a tax gap. We expand and improve the whistleblower program which will provide the Internal Revenue Service a roadmap for corporate tax fraud.

We modify the collection due process rules to protect the tax protesters from abusing the system. This is something that the administration proposed in its budget today to help deal with the tax gap.

This collection due process provision contained in the minimum wage bill only emphasizes my point that we can start dealing with a tax gap today, right now.

And then a final provision I will make reference to is one provision that closes a loophole in section 162(m), the \$1 million limitation for corporate executives. The provisions provide that a CEO can't avoid the effects of 162(m) by not being on the job at the end of the year.

Mr. President, forests have been sacrificed to print the speeches that politicians make decrying excessive CEO pay. Yes, we have a provision in the minimum wage bill that tightens the

deduction that can be taken for higher CEO pay.

So I get down to the basics, and I get down to the basics because I have been hearing some rumors from Senators—but more importantly from the leadership of the other body—that in order to get a minimum wage bill passed, we ought to drop the tax provisions and pass the minimum wage bill. But I have always been hearing over the years from those people who are saying: We need to do something about the tax gap; we need to do something about the tax scams; we need to do something about people going offshore to avoid the payment of taxes, and on and on. So I have to ask the Democratic leadership if they are going to put the provisions I am talking about—closing the tax gap, closing down the tax scams—if they want to put those provisions in the trash can. If they do, I would also like to put into the trash all the speeches made on the other side then about CEO pay.

I say this because the time for speeches is over. We can take steps right now with the tax provisions in the minimum wage bill to deal with the tax gap and CEO pay. I have listed these provisions, and as my colleagues know, while many of them are good common sense, these provisions are also not at all popular downtown on K Street or up the eastern coast on Wall Street.

While the debate has focused on the tax breaks for small business in the minimum wage bill—and those are important because they are helping small business overcome some negative impact of the minimum wage increase—it is also critical we pass a much-needed tax gap and anti-abuse provisions contained in the minimum wage bill and pass them now. Delaying these reforms as some would argue—putting them on another tax bill—rewards tax cheats. These reforms are often date and time sensitive. Delay only benefits those who are playing fast and loose with our tax laws.

I can't believe the House Democratic leadership wants the first action they take in the area of taxes to drop these reform provisions—these provisions that would close the tax gap—and signal to the tax cheats that the door is wide open.

Senator BAUCUS and I, working together over the years, have passed into law a good many reforms, and we have shut down a number of tax scams. However, we have been, at times, stymied in the other body—not by Democrats but by Republicans.

We heard a lot of commentary during the elections and afterwards how it was no longer going to be business as usual. My hope is that given the rhetoric of the new House leadership, we could finally pass these anti-abuse tax reforms in the minimum wage bill. I worry, though, that with folks talking about stripping the tax provisions from the minimum wage bill, the House leadership may be singing a new song. But

the results are the same. The House Democratic leadership needs to understand that kowtowing to K Street is not a new direction that was promised by a new majority in the last election. They can show it is not business as usual, as they were condemning Republicans of doing. They can show that by passing all the tax provisions contained in the Senate minimum wage bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

U.S. STRATEGY IN IRAQ

Ms. STABENOW. Mr. President, I rise this evening being greatly disturbed by what happened on the floor of the Senate, after a tremendous amount of good-faith effort and very hard work by our colleagues on both sides of the aisle, bringing together a resolution to offer to this body for a debate, for a full debate on the question of escalating the war in Iraq. What we have seen from the minority is a filibuster that has stopped us from even proceeding—from even proceeding to be able to take up the resolution.

Our majority leader offered to take up other resolutions, some contradicting the one that we wished to have brought forward, to have equally debated resolutions, the same amount of time, the same amount of votes that are needed in order to be able to bring forward the resolutions and possibly pass them.

Every effort by the majority leader was turned down. Every time he brought up a possible solution to be able to bring forward these resolutions and have a full debate, which the American people are demanding that we do, he was told “no.” No, no, no. So we are now in a situation where the minority has voted down the ability for us to even go to a resolution or multiple resolutions dealing with the issue of Iraq, which we are all so deeply concerned about.

Right now it is after midnight in Baghdad, and we have over 130,000 American troops who are settled in for another long night half a world away from home. They are living, working, fighting in the most difficult conditions anyone can imagine. They are patrolling crowded streets. They are standing guard on lonely posts. They are reaching out to Iraqi citizens and putting themselves constantly in harm's way to protect their fellow soldiers. They are there because their Government called them. They come from every corner of this great Nation. They represent every color, creed, religion, and political voice in this country.

I have been to Iraq—many of us have—and I have talked to our men and women in the field and they are the best this country has to offer. For our entire history, they have answered when called. They have gone where we sent them. They have fought when we

have asked them to do so. They have dedicated their lives to preparing for wars they did not want, and when asked, they have executed their training with pride, bravery, and an unwavering spirit.

We are blessed this evening to sleep under the blanket of freedom they provide. And no one—no one in this Chamber—is questioning the job they are doing. We are all patriots in this debate—all of us—with differing views, strongly held views about the best way to move forward. We are all patriots.

I have listened intently over the past weeks, and I have heard colleagues and representatives of the administration state time and again that those of us questioning the President are somehow undermining the morale of our troops. I find that insulting, not only to me and to my colleagues who care deeply about this and who have worked together in a bipartisan way to bring forward this resolution but to our soldiers, our sailors, our airmen, and marines. Open and honest debate about the execution of this war is not only what our armed services expect, it is what they deserve. Our citizen soldiers demand our best, and our best is not idle silence. Our best is not a filibuster that stops a resolution from even coming to the floor so that we can have an open, honest debate about it. Our citizen soldiers are on the frontlines. In this Chamber, we use words, but those words have real-world consequences, and no one lives those consequences more than our troops on the ground. Debate in a democracy does not undermine the morale or the will of our armed services. The lack of a clear, measurable, and achievable mission does undermine what they are doing. That is what we are all wanting to see happen. That is what we want to see developed for them.

They need to know that their leaders have based their orders on reason, not on wishful thinking and on a misguided adherence to a failed strategy. They need to know that their leaders have sensibly considered all of the options available and that those considerations are grounded in fact, not in rhetoric or posturing.

On October 11, 2002, 23 of us in the Senate cast a lonely vote against this White House effort to go to war because the evidence was not clear enough—it just wasn't there—to warrant going to war. I cast that vote because I believed that the pretense for war was based not in definable evidence but on predetermined conclusions. War is a tool of last resort, a decision that should be made with great trepidation when our country is at risk and other options have been exhausted.

From day one, the reasoning for this war has been unclear and inconsistent, from the initial lack of preparedness for securing Baghdad to the most recent call for escalation. We have seen a strategy based on the best-case scenario calculations of politicians, not on the wholly realistic conclusions of ca-

reer military officers. Mistakes have been made at every turn, and 4 years and over 3,000 American lives later and hundreds of thousands of lost lives and injuries of Iraqis, we are still paying the price.

Some have insisted this resolution is a ploy to embarrass the President. This is clearly not our goal. This is not a discussion about politics. It is a debate about policy. Any soldier will tell you there are no politics in a foxhole. The American people, Republicans and Democrats, are asking us to look long and hard at what we are doing in Iraq. We were not elected to stand silently by while our fellow citizens demand answers.

We can't even have a full debate because of the vote that happened. The American people are asking us not only to debate but to come to the right answers, the responsible answers for the direction and strategy in Iraq. Our soldiers deserve that, and we have in front of us a resolution that we couldn't even get enough votes to bring up to discuss, to debate it fully and have a vote. I believe the simple fact is very clear that escalation is not the answer, and I want the opportunity to vote on that, to say that on behalf of the people of Michigan. Putting more Americans in harm's way will not bring our men and women home any sooner. Why would we go further down the path that has led us to this point? Why would we repeat our previous mistakes and call it a new strategy?

A free and stable Iraq can only be secured by the Iraqis. They must embrace responsibility for their collective future and decide that living and dying at the hands of sectarian violence is not the future they want for their children and their grandchildren. We must support their efforts—and I do—but we cannot substitute American troops for Iraqi resolve. With the freedom of self-determination comes the responsibility of collective security.

We must continue to train our friends in Iraq. We must equip them and provide sensible military support based on the advice of our generals and military experts. We must lead them by example, by embracing the realities of our own democratic process as we attempt to collectively solve the challenges in the war in Iraq. How can we be talking to them about the democratic process when that process is stopped right here in the Senate in the ability to openly debate and vote on the resolution?

I stand in support of the Warner-Levin resolution and to say that escalation is a grave mistake. I am certain when judged by our fellow Americans, the votes that many Members will cast, if we have the opportunity to do so, to say “enough is enough” to this White House will be greeted with sober support.

With heaviness in my heart, I am also sadly confident that when judged by history, those who have questioned the reasoning and the execution of this war will have our concerns justified.