tow AQS–20 and AQS–24 mine hunting submersible sonar bodies. As it turned out, the SBIR Phase II indirectly advanced Navatek's aft lifting body invention, and led to an opportunity with the U.S. Special Warfare Command. Navatek continues to work toward securing a Phase III award, and highlights some of the unreported benefits that come from the SBIR/STTR programs.

I have provided the experiences of three small businesses in my home State. They, and other companies, are examples of the direct and indirect impact the SBIR/STTR programs' mission to foster and encourage innovation and entrepreneurship in the research and development activities of major Federal agencies. We can calculate how much programs cost the U.S. taxpayer, and the companies and jobs that resulted from the competitive nature of the SBIR/STTR programs. What we cannot quantify is the value of ensuring involvement by science, engineering, and technology entrepreneurs in research and development. The people of Hawaii, and all Americans, hope to provide a brighter future for their children. I firmly believe the future success of our children will depend on maintaining our competitive edge in the world. We must continue to uphold and reaffirm our commitment to the innovators and entrepreneurs in this country by completing our work on the SBIR/STTR reauthorization bill.

I yield the floor.

The PRESIDING OFFICER (Mrs. HAGAN). The Senator from Texas.

CONTINUING RESOLUTION

Mrs. HUTCHISON. Madam President, we are today making a small downpayment toward getting runaway Federal spending under control. The spending bill we will vote on today represents a $78 billion spending cut from that proposed by President Obama for this year. It will be $38 billion from what the Federal Government spent last year. We must address the spending binge our country has been on for the last 2, 4, 6 years.

Spending cuts have been actually ignored. We have increased spending in the name of stimulus. The problem is, that kind of spending didn't stimulate the economy in the private sector where the jobs are permanent.

At the beginning of this year, the President proposed a budget that would spend $3.7 trillion next year, with a $1.6 trillion deficit. The national debt is now $14.29 trillion. Under President Obama's budget plan, the national debt would double since he took office and triple by 2020. We then embarked on a vigorous negotiation on this year's budget. Republicans insisted on cuts beginning now, which is the middle of a fiscal year, which makes it very difficult because the spending levels are already in place for half a year. But we said: No, we need to start right now, even if it is hard, even if it is in the middle of the fiscal year.

There was a hard negotiation. We know that because we had a series of 1-, 2-, and 3-week continuing resolutions that allowed the government to go forward but did not make the final decisions on finishing the fiscal year, September 30, with cuts that were necessary.

Part of the negotiation was to avoid a government shutdown. I did not want a government shutdown. In the end, that costs more. It costs more to do all the changes that are necessary to shut down the government and then to make the changes necessary to come back and put it back online. We did the right thing by making those cuts, by taking that first step, and by not shutting down government so that so many people would have been left in the lurch: Federal employees—most certainly we were going to take care of our military, but they should not have had to worry about it—all of the people who had vacations planned, who had bought airline tickets and who wanted to go to national museums and parks. All people would have experienced some kind of disruption. It wasn't necessary if we did the amount of cutting, and we did.

We cannot rest because the real battle is going to be for cutting trillions, not billions. It is the trillions that are going to start getting the deficits down and bring our debt back into line.

To do as the President suggested earlier this year and freeze spending at this year's levels would have been like someone who was on a diet saying: I am just going to eat what I eat now and no more. But that doesn't mean that person would lose weight. We all know that.

Today the Federal Government is spending $4 billion every day that we don't act. We add $4 billion every day that we don't have, that is debt borrowed from somewhere else. We are borrowing 42 cents on every dollar we spend. Much of that is from the Chinese. And what are we doing? We are giving a bill to our children that is unsupportable. That is not just a problem for our grandchildren in the future; it is a problem for today.

This year our interest payments on this mountain of debt have already cost us $190 billion. By 2020, if we go at this rate, annual interest payments on the national debt will more than double to approximately $778 billion a year. Now we are going to $¾ trillion just for interest payments. We cannot allow that to happen.

The President made a speech yesterday. It was a call for action. Unfortunately, I believe the President called for the wrong action. The President said we have to have taxes go up and we have to have spending that goes down together. He proposed raising $1 trillion in tax increases. That is $1 trillion in higher taxes for small business, $1 trillion in higher taxes for family farmers. That is not going to help the economy come out of the doldrums. Who is going to be able to hire people if they are going to have a tax burden and a regulatory burden that is going to keep them from being able to expand their operations?

Washington has a spending problem, not a taxing problem.

We wasted $1 trillion in failed stimulus spending in the first 2 years of the Obama Presidency. Now he is raising taxes by $1 trillion in the second half of his Presidency to pay for a stimulus package that didn't work? That does not make sense.

The President also believes that a stronger Federal Government, a more powerful Federal Government is the answer to our problems. He proposed yesterday to address Medicare and Medicaid costs by expanding upon the health care reform bill that was pushed through on a completely partisan vote and that already is going to increase government. It is going to increase costs, and cuts to Medicare are going to pay for part of that increase. The President would give more power to the unelected bureaucrats on his new independent payment advisory board that is there to cut Medicare payments and reimbursements to doctors. We do not need a bigger, more powerful Federal Government to address the issues of this mounting debt.

We are going to have a vigorous debate on what is the right answer: more powerful Federal Government and more taxes versus a smaller, more restrained Federal Government that promotes growth in the private sector to make our economy go. We are approaching the limit on the Federal debt ceiling. That is where we must take a stand. That is where we have to draw the line in the sand and say: No more. We cannot raise the limit on the Federal debt without reforms taking place that will show that over the next 10 years we have a plan, and the plan is to cut back on the deficit every year.

I think a total of around $6 trillion in cuts over a 10-year period is a responsible approach. We will debate some of the things in the proposals that have been put forward: what are the priorities in spending, what will promote growth, what will promote jobs. But we must have a plan before we raise the debt ceiling.

Republicans and Democrats can agree on one thing: We do need a combination of spending cuts with revenue increases to get to the trillions that are needed to cut this debt. But the way we define revenue is the answer. The Democrats say revenue means tax increases. The tax increases are on people who would do the hiring to grow the jobs. So we are putting a damper on the ability to reinvigorate the economy.

Republicans are going to argue that the revenue comes from creating jobs, from having more people employed, so they can help with our economy and try to help bring revenue in by being employed in the private sector.

Republicans believe the way to create revenue is by building a vigorous economy, to have people working so they are contributing to the economy, not having people who are forced to take benefits because they cannot find a job in this stagnant economy that we all have acknowledged is here.

Today, I hope all of us will agree to take the first steps on the responsible spending cuts that will get us through the end of this fiscal year. I hope we will come together on next year's budget. The 2012 budget is what we are having hearings on. I had a hearing this morning with the Secretary of Commerce—the FBI Director earlier this week—to assure that we are spending for 2012 in a limited, responsible way and covering the needs of our country and also making the investments that will spur growth in our economy.

But the big debate we are going to have is on increasing the debt limit. At $14.29 trillion, we must do it with reforms that show the world that is buying our debt that we are going to have a responsible way to pay them back. I do not want the Chinese to raise the interest rates because they are worried about whether we have the political will to pay them back.

We will have the political will to do it if we cut spending, if we increase revenue through job growth, not taxes. We will show the world the debt is good and that interest rates should stay low and that we should work to have good trade agreements so we can build up our jobs and buy things from outside, and those economies will flourish so they can buy our products. That is what would be a win for everyone, and that is what we will be promoting in the next few months in Washington.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

INTERCHANGE FEES

Mr. TESTER. Madam President, I rise, once again, on behalf of rural America. Many folks do not understand rural America. They often get painted in broad brush strokes in a way that does not reflect the reality we face. The Montanans who elected me sent me to bring common sense to the debate over issues that impact rural America.

One issue where there is not a lot of common sense is the issue of debit interchange. There is also a lot of misinformation out there about this issue.

I have been concerned about the unintended consequences of this proposed rule since the Senate voted on the provision last year. That is why I voted against the amendment when it came to the floor for a vote. Over the past few months, I have been attacked by the big box retailers and called just about every name in the book.

My legislation to study the impact of the Fed's proposed rule has been called a bailout. That is pretty interesting, since I was the only Democrat in the Senate to vote against both bailouts. Only in Washington do people say you are killing a bill by making sure it does what we want it to do.

I certainly do not think the goal of the interchange amendment was to engage in price fixing. I do not think folks were trying to hurt consumers or small community banks and credit unions. But now we know the impact of this provision is far different than the information we had when we passed the amendment.

Now we know that the regulators tasked with implementing this rule think it may not work at all. When we passed the amendment, we were told small banks and credit unions would receive an exemption from the swipe fee rule. Since there has been a lot of misinformation on this issue, let me share these comments directly with my colleagues.

In a Banking Committee hearing in February, Chairman Bernanke referred to the exemption for community banks and credit unions, and he said:

> We are not certain how effective that exemption will be. There is some risk that the exemption will not be effective and that the interchange fees available through smaller institutions will be reduced to the same extent that we would see for larger banks.

That means the Chairman of the Federal Reserve—the guy in charge of implementing the interchange rule—does not think it will work for credit unions or for small mom-and-pop community banks.

This is common sense. When you set a price cap, big box retailers will use their market share to force the little guys to meet the lower fee.

At the same hearing, FDIC Chairwoman Sheila Bair confirmed this, saying:

> It remains to be seen whether they—

These are credit unions and community banks—

> can be protected with this. I think they're going to have to make that up somewhere, probably by raising the fees that they have on transaction accounts.

That means our credit unions and small community banks will be cutting back—cutting back on things such as free checking or ending it altogether, charging more for loans, cutting back on services to low- and moderate-income folks in rural America.

Despite being tasked with the job of implementing the small bank exemption, the Fed cannot guarantee that the exemption will work in practice. Because despite what some may say, the Federal Reserve cannot control markets. It cannot ensure that this provision will work since market forces will drive rates down for the community banks and credit unions.

No one doubts that rural America's small businesses will be significantly affected by regulating debit card interchange fees. Yet the true and full effects of this regulation on small businesses are not being fully discussed or fairly portrayed.

This amendment was an attempt to address a problem. But when you control prices, as this amendment does, you also invite unintended consequences.

At first, it might make sense that if you reduce debit card swipe fees, then small businesses will benefit. But once you take a closer look, you find a host of potential problems for small businesses and no guarantees that consumers will benefit one lick.

For instance, a recent study says that only 10 percent of small businesses are in retail and in a position to accept debit cards. But that same study also says most small businesses have checking accounts and use debit cards to pay for things they need to run their businesses. These businesses will end up paying more for basic services such as checking accounts and they will see more fees and consumers will be no better off. In short, this limit is bad for small businesses, and it is bad for consumers. Which banking services are likely to be more expensive—or disappear entirely—as community banks and credit unions seek to make up lost revenue? Well, free checking, for one. Millions of Americans have had checking accounts and debit cards because they are free. If banks and credit unions are forced to charge for these services, many business owners and consumers would suffer the consequences.

Because the Fed's rules do not allow banks to cover the costs of debit transactions, banks of all sizes are considering limits on credit card purchases. Moms using their debit cards at the grocery store may have to limit their grocery purchases to $50 or $100.

So what is the alternative? Well, put it on a credit card. But that is a tough option for struggling families. Low- and moderate-income families may not have access to credit or may have already maxed out their credit card. Pushing consumers toward credit is not good for small businesses either because the interchange fees on credit card purchases are higher than those on debit cards.

In a recent survey, three-quarters of community banks reported considering imposing annual or monthly debit card fees. Three-fifths of them would consider imposing monthly fees on checking account customers. If they start charging folks for just having an account, you can bet these folks will not be customers for long. In the long run, that will devastate rural America.

What does that mean for small businesses that rely on those community banks and credit unions? Without a doubt, the small businesses and communities across Montana rely on community banks and credit unions to keep their doors open, to grow their businesses, and to create jobs. These Main Street institutions are the backbone of this Nation's small businesses.

In fact, according to a recent National Federation of Independent Business report, most small businesses do their banking with smaller institutions. Community banks provide the bulk of small business lending in rural