

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

communities and small business owners receive better treatment from community banks. That is because in rural America a community bank is part of that community. A handshake still matters, and the folks on both sides of the table can look each other in the eye and be accountable to one another. We are not going to find that on Wall Street.

Community banks do the lion's share of lending with the youngest and smallest of small businesses—those best positioned to create new jobs as we merge from this recession.

Make no mistake about it. The price caps called for by this Durbin amendment will lead to fewer debit cards offered by community banks and credit unions. It will limit the size of debit card transactions, and it will end free checking for small businesses, as they rely on these institutions.

These changes will limit the ability of small businesses to conduct daily business. They will increase banking costs and could limit the lending capability of smaller institutions. These changes come at a time when many small businesses are already fully leveraged and have few other options available.

So what does this mean for small business in Montana?

For a contractor in Kalispell, it means he will not be able to use his debit card to buy lumber. It will mean the end of free checking. I know of too many businesses that do not have the option of increasing their lines of credit with their bank or that have maxed out a credit card weathering this recession. Those are the circumstances folks are forced into, and those are the circumstances that limit our economy.

What will this mean for community banks and credit unions that are competing for the business of these small businesses?

Community banks and credit unions play an instrumental role in our economic recovery by providing loans to small businesses so these businesses can grow and hire new employees.

Smaller banks treat small businesses better. But smaller banks do not have the means to make up for the lost revenue from this Federal mandate, and they do not have the volume to make up this revenue elsewhere such as bigger banks do.

One of the more troubling findings from the NFIB report I referenced earlier is the fact that community banks have been losing market share nationwide. The report found that the percentage of small businesses served by local banks fell from 31 percent to 25 percent between 2009 and 2010. My concern is that this proposed rule will further harm this loss of market share by community banks. It will lead to further consolidation in the banking industry.

Community banks and credit unions simply cannot compete against Wall Street unless they provide products such as debit cards. They simply can-

not make up this revenue elsewhere, and they cannot compete unless they provide these services.

This notion that some have raised that these proposed rules are a slam-dunk for small businesses—it is simply false. Unfortunately, this is one of the many misconceptions that have been put out there.

For example, based on statements I have heard, some would have you believe we have been working and analyzing the debit interchange issue for years, talking about all the hearings we have had on this topic.

The truth is, however, quite different. There has been just one Senate hearing on this issue since 2006, and it was regarding the interchange fees paid by the Federal Government. The Judiciary Committee has looked at anti-trust issues, but they have never addressed the ramifications of this amendment—never. No one has been able to explain to me why studying the impact of this rule is a bad idea.

Am I suggesting the debit interchange system is without fault? Absolutely not. But we should not move forward with a rule that will create a whole new set of problems and will hurt community banks and credit unions until we have fully studied the impact. If we do not measure twice and cut once, we are bound to create a whole new set of problems that will hurt small businesses and consumers.

I sure would not have stepped into the middle of this fight if I did not think it was critical to the survival of rural America, and to the jobs and livelihoods of the people who live there. I am in this job not because I am known as a guy who stands for big banks or Wall Street—far from it. I am the guy in my party who voted against TARP and against the automaker bailout.

I am in this job because rural America needs a voice at the table. Rural America needs someone on their side, to make sure rural communities and Main Street businesses do not get stuck with the short end of the stick when the Senate makes policies such as this one.

We need to stop. We need to study. We need to make sure we are doing the right thing. Therefore, I ask my colleagues for their bipartisan support on a responsible bipartisan bill to delay this rule so we can have time to study the consequences of this rule—both intended and unintended. Our economy cannot afford to let this go into effect.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

A SECOND OPINION

Mr. BARRASSO. Madam President, I come to the floor as someone who has practiced medicine in Wyoming, taking care of families all across the Cowboy State for almost one-quarter of a century. I come as a doctor giving a second opinion, as I have done week after week about this broken health care law

that people all around the country are now very concerned about and the impact it is going to have on their own personal lives.

We started the whole discussion and debate about health care that the American people knew what they wanted: They wanted the care they need, from a doctor they want, at a cost they can afford. What we have gotten is something that does not provide that at all.

I saw today in the Washington Post, under the headline "Budget Show-down," comments about the President's speech yesterday to the Nation. He did talk about Medicare and did talk about Medicaid. I believe that speech was very short, inadequate on the details.

It was interesting to see what the Washington Post said about Medicaid. It said:

... a senior administration official, speaking to reporters on the condition of anonymity, said that ... "the details have not been worked out."

So we have an anonymous source, working in the White House, talking to reporters, admitting that the details have not been worked out.

Yesterday, people heard the President's speech on spending, but it seemed to be higher on political attacks than it was on substantive speech—the things we need to be seriously discussing and debating in this country about a huge debt problem with which we are living. The President did mention one bit of substance, though, that should concern the American people. He said:

We will slow the growth of Medicare costs by strengthening an independent commission of doctors, nurses, medical experts, and consumers who will look at all the evidence and recommend the best ways to reduce unnecessary spending while protecting access to the services seniors need.

What this is is a Washington commission—a commission created in the health law that many know as IPAB. It may sound harmless. It stands for the Independent Payment Advisory Board. Americans, I believe, need to know more about the details as to how this will actually work.

Many Americans may not remember that the health care law created this unelectable, unaccountable board of Washington bureaucrats who will be appointed by the President, and the sole purpose is to cut Medicare spending based on arbitrary budget targets. These are cuts above and beyond the \$500 billion that was taken from a nearly bankrupt Medicare Program, not to save Medicare for our seniors but to create a whole new government entitlement program for someone else. This board empowers 15 unelected Washington bureaucrats to make these Medicare cuts, all without full transparency and accountability to America's seniors and to elected officials.

So, once again, this board proves that the President and the Democrats in Congress who voted for the health