issue here is spending. If you go back to the foundation of our country, in the year 1800, we were only spending 2 percent of our economic output on the Federal Government. This year, we will spend 24 to 25 percent. The historical average over the past 40 years is about 20 percent. Politically, we are higher in terms of what we spend on the Federal Government as a percentage of our entire economy.

To me, clearly, we have a spending issue, not a revenue issue. That suggests we ought to get after Federal spending—particularly spending that is duplicative, redundant. There is so much in the Federal Government we spend money on that is wasteful, and we need to cut that type of wasteful spending, out of Washington, DC.

We have to also focus on long-term programs, such as Social Security, Medicare, Medicaid, entitlement programs that drive much of Federal spending—around 60 percent of the money that is spent by the Federal Government. So far there is no appetite among our Democratic colleagues to do that. We have now gone 798 days without a Federal budget. The only votes we have had on the budget in the Senate were the Ryan budget and the Obama budget. The President’s budget—the Obama budget—that was voted on in the Senate, prescribed more taxes and spending and more debt. It failed by a vote of 97 to 0. Again, the budget presented by the President failed 97 to 0 in the Senate.

We don’t have a budget in the Budget Committee that has been shown to us yet. This week, we are voting on a non-binding sense-of-the-Senate resolution that doesn’t even say how we should contribute to deficit reduction. Is it going to put higher tax on people? Are people going to have fewer deductions? Are people going to be ineligible for farm income payment programs? Are people going to have to contribute more to Medicare or receive less Social Security benefits than those who are less fortunate? We don’t know. We don’t have a budget presented to the Senate for consideration. All we have in front of us this week is a sense-of-the-Senate resolution, which is very vague and could be interpreted lots of different ways.

The White House meeting is tomorrow, with leaders of both parties. I hope it leads to a genuine discussion and an agreement about how we are going to reduce spending and get this debt and year-over-year deficits under control. It should not lead to more taxes. The reason is that higher taxes only hurt job creation and make our economic situation much worse.

We were reminded of the need to do this this week when Moody’s downgraded the status of the Portuguese debt to junk. This is despite the fact that their government is pushing through an austerity plan that cuts spending and hikes taxes. We have seen that in lots of European countries that are dealing with sovereign debt crises.

That is our future if we don’t get this issue under control. It has been 798 days since this Senate has passed a budget. That is where it starts—determining how we are going to set priorities, and how we are going to spend taxpayer dollars, and rein in runaway Federal borrowing. And not in this $14 trillion debt that we are saddling on future generations.

I hope we can get a budget before the Senate. This sham of a resolution this week—the sense-of-the-Senate resolution—is certainly not the way to do that. I hope we can get to a meaningful discussion of what we are going to do about spending and debt and jobs in this country.

I yield the floor.
you truly are negotiating and compromis-
ing. You don’t take your marbles and go home, and you don’t take your little teddy bear and leave. You stick with it and understand that in true compromise everyone gives just a little bit.

Now, let’s look at the government as it is today—as the people wanted it. The people decided they wanted a Democratic President, and we have one in President Obama. They decided they wanted a Republican House of Representa-tives, and they have that. So we have the three arms, and two-thirds of them are controlled by Democrats and one by Republicans.

If I then said, because of this, I want two-thirds of what Democrats want, I might have a leg to stand on. But I am not even saying that. I am saying let’s meet each other halfway. That is fair. That is very fair. And I think most Americans of independent mind would think so.

This is not a parliamentary system. In the parliamentary systems we see around the world, the ruling party gets everything they want and the others get to be a minority, sit and sulk themselves into the equation. So first and foremost, we need to compromise.

Second, we need to take a lesson from history and follow what worked the last time we balanced the budget in the mid-1990s—the early to mid-1990s. Believe me, we did it. With President Clinton, we did it. We passed a budget that some of my friends on the Republi-
can side said would be a disaster; that it would never balance. It did. As a matter of fact, it produced surpluses. We passed a budget without one Republi-
can vote, and it laid out the plan that some of my Republican friends said would put us into a depression. We went into the longest period of sus-
tained economic growth and 23 to 24 million jobs were created.

So we know how to do this because, guess what. We did it before. We had a plan that cut unnecessary spending, and it asked the upper income people—the very wealthiest among us—to pay a fair share, and it created all those jobs and we had surpluses.

Our friends on the other side say: Don’t talk to us about that. We don’t want to talk about it. But we have to talk about it because there is going to be a debt to pay which the Republicans did to the seniors in their House budget, which is to end Medicare as we know it and to put the burden of all this on their backs and on the backs of the middle class.

So, first, we need to compromise; sec-
cord, we need to do what works—cut the things you don’t need, invest in the things that will create the jobs, and ask the wealthiest to pay their fair share.

This is not a debate on the back porch of politics. Let me read from a couple of very interesting recent editor-
ial comments. Actually, they were yesterday. This is from USA Today.

GOP rigidity on taxes threatens debt deal.
Let me repeat that: GOP rigidity on taxes threatens debt deal. . . . if the GOP walkout is anything more than a negotiating tactic, it is breath-
takingly irresponsible, considering the risks of default. The nation has used trillions of dollars in borrowed money to finance two wars, Medicare’s prescription drug program and President George W. Bush’s broad tax cut. All initiatives—dollars—were funded through both the White House and the Congress. Now Republicans have belatedly decided that bor-
rowing is bad, too, but they dogmatically re-
garded the most sensible and painless tax hikes.

This says it all. This, again, is from USA Today.

Then there is a David Brooks article—a leading Republican columnist—which says:

If the debt ceiling talks fail, independent voters will see that Democrats were willing to compromise but Republicans were not. If responsible Republicans don’t take control, independents will conclude that Republican fanaticism caused this default. They will conclude that Republicans are not fit to gov-
ern. And they will be right.

Again, this is written by a leading Republican—well, actually, I would call him a leading intellect in the Republi-
can Party.

So we see that people on the outside are noticing what is happening. You cannot take your marbles and go home when the full faith and credit of the United States is at stake.

A lot of people think raising the debt ceiling is so we can do more spending in the future. No, no. Raising the debt ceiling is to take care of the debts that were incurred in the past—two wars, unpaid for; a huge tax cut to the mil-

lionaires and billionaires, unpaid for; a prescription drug benefit, unpaid for.

While my Republican friends said, no; Medicare could not negotiate for lower prescription drug prices. So the cost of it is just going to ExxonMobil.

So if we don’t put revenues on the table, if we don’t talk about closing those tax loopholes that benefit mil-

dionaires and billionaires, all the cuts go to the middle class. All we have to do is look at the Ryan budget that passed the House to understand what is going to happen if we don’t do this.

Now, the Republicans had this budget,

and they gave it a name over in the House: “The Path to Prosperity: Restoring America’s Promise.” Well, I took a look at it and wrote my own title. I think their budget is “The Path to Poverty: Breaking America’s Promise” because that is what that budget does.

The Republican budget would end Medicare as America knows it. A 65-year-old who becomes eligible for Medicare would pay more than $12,000 in health care costs the first year the plan goes into effect—twice as much as what they pay under current law. Imagine a senior citizen—a grandma or great-

grandma—who maybe lives off Social Security, who is making $6,000 for health care, is suddenly paying $12,000. We might as well tell her to forget it.

She is going to have to get down on her knees and pray she doesn’t get sick.

But that wasn’t enough to pay for the tax cuts for their rich friends, so their budget cuts Medicaid by 49 percent by 2030. By the way, a lot of that is paying for nursing homes for the poorest of the poor.

The Republican budget would cut education grants by one-half, so that 1.4 million students would lose ac-

cess to financial aid. That is what this country has been about—giving hope to our future people, and it means an education. So Pell grants, cut in half.

They say over and over: Washington doesn’t have a tax problem, we have a spending problem. Well, let’s take a look at that. If we look at nondefense discretionary over the years, what we find when we add in inflation is that it hasn’t grown at all, while the military spending has gone up 74 percent. So, clearly, we have a roadmap just in terms of fairness that shows we can get to where we have to go.

Let’s not keep cutting what we have already cut. Let’s cut the waste, let’s cut the fraud, let’s cut the abuse, and let’s cut these tax expenditures.

Mr. President, I ask unanimous con-

sent for an amendment, and then I will yield to my friend.

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

Mrs. BOXER. I thank the Chair.

So defense spending—they look at it, but they are not happy about it even though it has gone up 74 percent over the last 10 years.

Now, again, we should look at War-

ren Buffett. Warren Buffett made the point that he paid only 17.7 percent tax on his $46 million in earnings while his receptionist paid 30 percent on her wages. Imagine, in 2008, the 400 richest income-tax filers paid an effective rate of about 18 percent.

ExxonMobil: They paid an effective rate of 18 percent on $7 billion, whereas the average family making a combined $100,000 had a higher effective rate. Let’s give tax breaks to the middle class, not to the wealthiest who have everything and more and whose children’s children’s children’s children will be fine. This is America. This isn’t prerevolutionary France, where the King had everything. If there was a family supported by two teachers, and they made $106,000, they had a higher tax rate than ExxonMobil. But, still, if we look around the country at Republi-
can legislators and governors, they are going after the teachers—who are so wealthy—while the people who are making the millions and the billions have gone more and more to. I don’t un-
derstand it. It is trickle down, I guess. Somehow somebody will spend something at the very top, and it will trick-
down. That is all fine, but they have enough to trickle down already, so we don’t have to add to it.

A family supported by a truckdriver and a dental hygienist who made a combined income of $107,000 had a higher ex-

ecutive than ExxonMobil.
The tax break for corporate jets is $3 billion over 10 years. Subsidies to the biggest five oil companies are costing us $21 billion over 10 years.

So what I am saying is, we don’t have to balance the budget on the backs of the children who need their Medicare or on the students who need their Pell grants. We don’t need to do that.

I am the chairman of the Environment and Public Works Committee. The House budget, which I say breaks America’s promise, is so bad on transportation, it cuts 36 percent across the board. Thousands and thousands of construction workers, whether they are in Utah or California or Maryland—or you name your town, your city—will be cut. This is an area where there has been so much unemployment because of the housing crisis that we could fill 20 Super Bowl stadiums with unemployed construction workers—2 million. That is how many there are.

So look at what President Clinton did. He increased taxes on the wealthiest and created tax incentives for small businesses. He invested in education, retirement savings, research and development, and the Republicans fought us tooth and nail. As a matter of fact, Senator Grassley said at the time: I really do not think it takes a rocket scientist to know this will cost jobs.

That is what he said created 24 million jobs—23 million on the low side—and surpluses of $236 billion.

Let me conclude by saying this is a tough time in our history. We are at the precipice for the first time in my lifetime of hearing threats of defaulting on the full faith and credit of America. When we lift the debt ceiling, we do it in order to pay for the debts that were incurred. Sadly for us, after having a surplus under Bill Clinton, the page W. Bush came and said to us to go into deep holes and deficit and debt. We were on the way to a great place, but never forget when George W. Bush came out and said these surpluses we are running belong to the American people. What he meant was the rich people because that is who got the lion’s share of that. So we can keep the tax rates low for the middle class, we can make sure the wealthy pay their fair share, we can come to the table and negotiate with an open heart and an open mind and knowing well that we will not get everything each of us wants.

I will close by reading a quote from Ronald Reagan. President Reagan wrote the following:

The full consequences of a default—or even the serious prospect of default—are imposable to predict and awesome to contemplate. Denigration of the full faith and credit of the United States would have substantial impacts on the domestic financial markets and on the value of the dollar in exchange markets. The Nation can ill afford to allow such a result.

President Reagan was right. It is time to stop playing politics with this, the greatest country that gave us everything we have ever hoped for. I say to Americans, call the Senate. Ask for a fair budget plan, with the parties meeting each other halfway. I yield the floor.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. Hatch. Mr. President, it is nice to be hearing for a fair budget plan. We haven’t had a budget from this administration now in almost 800 days. They have control of the Senate. Yet we haven’t seen a budget from this administration.

I get a little tired of the Obama approach toward shared sacrifice. Shared sacrifice is something. It sounds good. But I would prefer the Republican approach toward shared prosperity, and that is what I think we are all about.

When we talk about shared sacrifice is, think about this. It is pretty irrefutable that the bottom 51 percent of all wage earners of all households do not pay income taxes. The top 1 percent of the so-called wealthy pay 38 percent of all income taxes; the top 10 percent pay 52 percent of all income tax; the top 50 percent pay somewhere near 90 percent of all income taxes; 51 percent don’t pay anything.

But Democrats say, well, they pay payroll taxes. Everybody does that because that is Social Security, and they pay about one-third of what they are going to take out over the years in Social Security. On ObamaCare, a family of four earning over $80,000 a year gets subsidies. Think about that. And that is what we call the poor? We wonder why the money doesn’t go far enough? When are we going to wake up and realize that the other side just spends and spends and spends. They want to tax and tax and tax so they can spend some more money. When are we going to wake up in this country and realize they are spending us into oblivion?

I hear how they are so caring for the poor and so forth. The poor need jobs, and they also need to share some of the responsibility. We don’t want the very poor people who are in poverty to pay income taxes—but 51 percent of all households? That is going up, by the way, because of our friend down in the White House.

I wish I didn’t like him so much. I would like to be able to let go here. I like him personally, and I want him to be successful, but he is not going to be successful by just tax the daylight out of everybody around here.

This country is country so deeply engaged in as consequential a political debate as this Nation has seen in decades. Whether and what we raise the Nation’s debt ceiling is a question that has consumed the market in this country.

I serve the people of Utah and I hear about this issue every day and the sustainability of a government that has grown far beyond any reasonable or constitutional limit and the cost of paying for all this government is foremost on the minds of tax-paying citizens who will be left holding the bag, even when President Obama is back in Hyde Park and Members of Congress no longer serve. The decision to spend less is not for a moment a moral debt incurred to pay for these government programs lasts forever. Fifty-one percent of all households don’t pay income taxes.

But Democrats say: Well, they pay payroll taxes. Yes, they do—everybody does because that is Social Security—and 23 million of them get refundable tax credits that are more than they pay in payroll taxes.

I wish I could report to my constituents that Washington is serious about addressing this spending problem. Unfortunately, in the last week, we seem to have hit a new low. President Obama’s contribution last week was a press conference temper tantrum. He offered new proposals that might appeal to his leftwing base but will do nothing to avoid our coming national bankruptcy.

Not to be undone, Democratic leadership in the Senate has offered a nonbinding budget resolution that will jazz up the activist left through demagogic class warfare against individuals with high incomes. He is going to raise $3 billion over 10 years by taxing jet planes. It would take 1,000 years to reach what we have as a deficit for this year just from that one tax to jack up enough money to pay for just the deficit this year.

Facing a full-blown debt crisis, this is how the Senate Democrats, following the President’s lead, have chosen to spend this week, debating a nonbinding resolution. Episodes such as this leave me convinced the only real solution to our Nation’s spending problem is a balanced budget constitutional amendment. Only a specific constitutional restraint will force Congress to make the tough decisions necessary to restrain the size of government, restore the integrity of the States, and protect the liberties of the American citizens and taxpayers.

To demonstrate my commitment to restoring constitutional limits on the Federal Government, I have signed the cut, cap, and balance pledge. Along with growing numbers of my colleagues in the Senate, Members of the House, grassroots groups, and Presidential candidates, I have committed myself to cutting spending, capping spending, and passing a balanced budget constitutional amendment as a condition for any debt limit increase.

As this debate over how best to address our growing debt and annual deficits continues, I wish to address a technical but critical matter in these negotiations. I am talking about tax expenditures. I am ranking member on the Senate Finance Committee and I know a little bit about these. Over the next few days I am going to discuss
When the President said he wanted to address the Nation’s debt by reducing spending through the Tax Code, it proved too much for even Jon Stewart. This is Stewart’s analysis of the President’s contention that we could reduce the deficit by attacking spending through the Tax Code.

You manage to talk about a tax hike as a spending reduction. Can we afford that and the royalty checks you are going to have to send to George Orwell? That’s the weirdest way of ‘just say tax hike.’ That’s a lie saying, I am not going on a diet. I’m going to add the calories to my excluded food intake.

That was Jon Stewart. He hit the nail on the head. For sure it is easy to make fun. But what the President is trying to do with tax expenditures is no laughing matter.

Liberals talk about tax expenditures as though they were just getting rid of wasteful spending. First, as a legal matter, tax expenditures are not expenditures. Outlays are checks cut from the Treasury Department and are defined as spending under the Congressional Budget Act. Yet most tax expenditures only lose revenue and do not include an outlay portion. Tax expenditures that revenue contain no spending as defined by the Congressional Budget Act and as scored by the official scorekeepers for Congress, the Joint Committee on Taxation and the Congressional Budget Office.

Second, as a matter, when it comes to tax expenditures, one person’s loophole is another person’s opportunity to save for college and retirement, finance a home, and tithe to your church.

Here is the bottom line. Taking away or reducing tax expenditures is a tax increase, unless a tax cut of an equal or greater amount is enacted. One crucial myth I would like to dispel is that tax expenditures are spending. This confused ‘Revenue Loss Does Not Equal Spending,’ the Federal Government cannot spend money it never gets to reach a revenue neutral level, that is a tax increase, plain and simple.

We have made clear that as a matter of law and political theory, tax expenditures are not spending.

Now let’s turn to an examination of what they are. Fortunately, we have definitions available.

The Joint Committee on Taxation generally defines tax expenditures as deliberate departures from generally accepted concepts of net income, usually by way of special exemptions, deductions, credits or exclusions. Therefore, tax expenditures generally arise for income tax purposes and for corporate income taxes.

The Treasury Department differs from the Joint Committee on Taxation slightly in how it defines a tax expenditure. For example, the Joint Committee on Taxation labels deferral as a tax expenditure but Treasury does not. The Treasury Department differs by the way, where 70 percent of the jobs come from. But that is the exception that proves the rule. By and large, the President avoids the effective tax rate on the party of the party of tax increases—massive tax increases on the middle-class American families, to whom he promised immunity from tax increases when he was running for President. Instead, he and others refer to tax expenditures as spending through the Tax Code. How seriously should we take his rhetoric?
A loophole is something that Congress did not intend and would generally shut down, at least going forward, once it learned of the loophole. Tax expenditures, by contrast, were generally placed by Congress into the tax code deliberately. For example, the largest tax expenditure is the exclusion for employer-provided health insurance and benefits. The second-largest tax expenditure is the home mortgage interest deduction. We all know why they are there, and they are there for good reason.

Tax expenditures are not loopholes. We are not talking here about some fancy tax scheme that a lawyer or accountant has discovered and now promotes to his clients as a way to game the system. These are broad-based tax incentives that benefit many Americans. The deduction for charitable contributions is not some loophole. It was a deliberate inclusion in the code that acknowledges the need for religious citizens to contribute to their church.

Even some of the smaller dollar tax expenditures were designed by Congress to go to particular industries or types of taxpayers—for example, the tax expenditure to encourage the purchase of corporate jets that Democrats included in the stimulus and that the President is now criticizing.

Whether you agree with these particular tax expenditures or not, an honest debate requires recognition that they were designed by Congress with economic or social goals in mind and are not inadvertent loopholes.

As a matter of law, policy and constitutional government, I fundamentally disagree with those who are pushing these tax increases as part of a deal to raise the debt ceiling.

Our problem is spending that has grown out of control, not a lack of revenue.

According to CBO’s June 2011 long term budget outlook, taxes are already heading higher than they have historically been. From 1971 to 2010, revenues as a percentage of GDP have averaged 18 percent. Since the post-World War II era, from 1946 to 2010, revenues have averaged 17.7 percent of GDP.

Yet CBO also projects that revenues as a percentage of GDP will exceed 20 percent by 2021. Even if all the bipartisan tax relief contained in the 2001 and 2003 tax acts is extended, revenues as a percentage of GDP will increase to 18.4 percent.

So I ask the question: With taxes already going higher than where they have historically been, should we raise them any more?

For me, the answer is no.

I know that most Utahns would agree, I believe most people in this country would agree, and I suspect that even most Democrats would as well. They certainly would if President Obama dealt with those who pose as advocates for the middle class came clean about just how high taxes on working families would have to go to pay for the hard core left’s preferred level of government. The numbers do not lie.

The deficit is a symptom of out-of-control spending that has grown dramatically in recent years and is reaching crisis levels.

It is a result of too little in taxes. Democrats can close all the loopholes they want, and it still won’t balance the books.

And the Democrats who are talking about the need to close loopholes and eliminate spending through the Tax Code would be asked to which middle class tax relief they want to get rid of as part of their deficit reduction plan. Do they want to get rid of the charitable deduction or maybe the mortgage interest deduction? Maybe they want to go after people’s 401(k)s or IRAs or 529s.

What is it going to be?

Let me say something here. I am very concerned about where we are going. We have risen this year to 25.3 percent of GDP in spending. The last time we hit that figure was in 1945 at the height of the Second World War, when the government was taking over almost everything to keep us from losing that war. It is certainly over 23 percent of gross domestic product. What is it going to be?

At a press event tantrum last week, the President answered absolutely none of these questions. He needs to. He needs to get serious about cutting spending.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATCH. 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. HATCH. 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. HATCH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOOZMAN. 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. BOOZMAN. Mr. President, it has been almost 800 days since the Senate Democratic majority produced a budget. I do not expect one to appear from the majority today, but at least the Democratic majority canceled the Fourth of July recess to work toward an agreement to deal with our budgetary crisis. With the possibility of default looming, our caucus, led by Senator Sessions, has been pushing the Democratic majority to keep the Chamber working over the recent recesses. After refusing past calls to remain in session, the Democratic majority finally recognized that we cannot sort this out if we are not here to focus on it. I, for one, am glad the Democratic majority listened.

American people deserve an honest and open conversation about the very difficult situation we are in. More importantly, they deserve a commitment that we will work in good faith to end this impasse. Unfortunately, I am afraid we will see the same Democratic majority or the President. We are in session this week specifically to deal with the budget ceiling crisis, and the only vote the majority leader had scheduled from the outset was a resolution on the Libya conflict. I say “had” because the Democratic majority rightly canceled that vote after intense pressure from our side to keep the Senate focused on the debt ceiling issue.

President Obama has been absent from this debate for months. Only recently he started showing up to tell Americans that his solution to the crisis is raising taxes instead of cutting spending. Meanwhile, we have inched closer and closer toward defaulting on our obligations.

It is interesting that we are here today specifically to work out a solution to our financial crisis 1 week after scenes of Athens on fire as a result of rioting over Greece’s own debt crisis dominated the airwaves. One week after passing tough austerity measures to secure further financial aid—the very same measures that sparked the rioting—the Greek Government is far from out of the woods. Standard & Poor’s says the proposals for restructuring Greek debt would effectively constitute a default instead of helping the country avoid one.

I mention all of this not to generate fear but, rather, to shed light on the gravity of our situation. If we do not handle this crisis properly. This is the last thing we want to experience in our great country, and that is why we need to reform our fiscal policy in the way that we have done business in the past. There is too much at stake not to take action now. We are at the point where our Nation can no longer borrow money. The IMF has harsh words for our soaring budget deficits, and credit rating agencies such as Moody’s and S&P have threatened to downgrade our government’s AAA rating.

President Obama likes to blame our economic mess on the previous administration, but the reality is that is over the last 2 years, our debt has increased by 35 percent under his watch. That is not the previous administration’s fault, nor is it their fault that the annual deficit is now three times greater than the highest deficit during the Bush years. If American families ran their businesses like the Government does, the utilities would be shut off and the collection agencies would be knocking on their doors. If they maxed...
Mr. BROWN of Ohio. Mr. President, we just went through the July 4 weekend celebrating our independence on July 4, 1776. On July 5, 76 years ago, something else happened that was very important in our country and very symbolic of what we stand for as a nation. I heard the President Officer from Maryland talk a moment ago about the values we hold as a nation and how important it is to keep every promise we make. In everything we do in this body.

What happened on July 5, 1935, was President Roosevelt signed something called the National Labor Relations Act, and we know what came out of the National Labor Relations Act and the other reforms of that era, in addition to Social Security and the CCC and some other things, was the concept and the implementation of collective bargaining. Collective bargaining is the biggest threat we have to join voluntarily in a collective bargaining unit—generally a labor union—and negotiate on behalf of hundreds or thousands of fellow workers for wages, health care, pensions, vacation days, and other things.

I mentioned that because just late last week something remarkable happened in my State of Ohio. In Columbus, in response to the State legislature taking away collective bargaining rights and a radical departure from 75 years of collective bargaining, national private sector success, and 30 years of Ohio collective bargaining for public employees’ success, the legislature passed a radical measure earlier this year to take away those collective bargaining rights for public employees. We know it is a direct assault on the middle class. We know it will mean a declining and shrinking middle class. We know it is a chance to repeal that bill.

I yield the floor—generally a labor union—and negotiate on behalf of hundreds or thousands of fellow workers for wages, health care, pensions, vacation days, and other things.

I noted the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceded to call the roll.

Mr. BROWN of Ohio. I ask unanimous consent to speak as in morning business for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. BROWN of Ohio. I ask unanimous consent to speak as in morning business for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized.
working families in this country at all levels. I will talk a little bit about the budget deliberations because I believe here, also, we find an assault on the middle-income families. As President Kennedy said, “to govern is to choose.”

We have never had a clearer choice of two different visions of America. I wish to talk a little bit about that because I know we are all working hard to reach a fair compromise, and I am one of those who believe the final agreements are what the Democrats want or what the Republicans want. We will have to do a compromise. But I think the people of this Nation need to know the types of choices we are making here in Washington.

I see the Republicans—and I have heard some of the speeches that were recently given on the floor—are really trying to protect the very wealthy, the millionaires. In the Republican budget, millionaires would get another $200,000 of tax cuts, where at the same time that we cost our families who live on fixed incomes, an extra $6,000 a year in health care costs if their plan on Medicare were to become law.

Those are the types of choices we are being asked to make here, being asked to continue the gas subsidies—the tax subsidies for the five biggest oil companies in this country. That is what the Republican budget would protect. They would protect those tax breaks. Let me remind you that those five companies in the last decade made $1 trillion in profits, that during the time we saw escalating gas prices here and our economy being hurt by it, people could not afford to fill up their gas tanks. Yet at the same time those five oil companies had record profits. So we say: Let’s take away the government subsidies.

Yet the choice for our Republican friends is to say: No, we can’t do that. Instead, they look at cutting nutrition programs and Pell grants to make it more expensive for children to be able to go to college or nutrition programs to try to have a healthier America.

Well, what are we pushing for is a balanced approach in how we deal with this budget deficit. We could talk a long time about how we got here, the policies of the previous administration. Just 10 years ago, we had those large surpluses. The previous administration cut taxes not once but twice, the second time a credit card companies to make it easier for consumers to pay for those tax cuts, went to war not in one country but in two countries and used the credit card in order to pay for those wars, and are wondering why we have all this debt today.

Well, it is our responsibility to take care of this deficit because this deficit is affecting the strength of America. We know we need to have a balanced approach in order to do it. I, along with the Presiding Officer, am a member of the Budget Committee. We are working hard on behalf of the Committee to come up with a way we can deal with it. The Democrats on that committee are united that there is a better way than the Republican budget that came over from the House of Representatives.

Let me talk a little bit about whether this is class warfare. I have heard that mentioned many times. This might surprise you. I might agree with my Republican friends. I think the Republican budget that was at an all-time high in class, the Center on Budget and Policy Priorities said the Republican budget “would produce the largest redistribution of income from the bottom to the top in modern U.S. history.” We are asking those middle-income families to contribute so the wealthy can get more tax breaks. That is just wrong.

What we want to see is a balanced approach, an approach that says: Look, this deficit is very serious. We have to ask and save money wherever we can to balance the Federal budget. It starts by looking at our domestic spending. We have been willing to say: Look, for programs that are not high-priority programs, we have to cut back on them. We are not working hard on going to get rid of that. Let’s get rid of duplicate programs.

We say we are prepared to do that. But you also have to look at the non-domestic programs—our military programs. We do not want to see insurance companies telling our seniors when they can get care and when they cannot. We tried that before we created Medicare, and we know the problems that were created by that. So in our Republican budget, we want to protect the integrity of Social Security and Medicare and the programs that are critically important to our seniors.

We will close the tax loopholes. We will eliminate shelters. We will make sure everybody is part of the solution. We can do it in a way that will help build this great Nation.

Let me tell you what our objectives are, quite frankly. Our objectives are to manage our deficit, bring it down, but under control, to protect those who are most vulnerable in our country, and to invest in America’s future so we can create more jobs, so we can continue to build our roads and our bridges, our water systems, so we can continue to invest in education, and, yes, so we can protect our Federal workforce and pay them decent salaries and compensation benefits. We can do all that. But if we are going to get the job done, Democrats and Republicans have to be honest in the debate and their compromise. It will not be what one side wants. We are going to have to compromise for the good of the American people.

I took the time today to share those thoughts of Maryland and the Nation where I believe our vision should be in regard to the budget of this Nation. I hope we are able to achieve those objectives because I really do believe our children’s and grandchildren’s future depends on us getting this right. If we pass a Republican budget that is in the best interests of the American people and will allow our economy to grow to create jobs, which
Mr. WHITEHOUSE. Mr. President, I am happy to follow my distinguished colleague from Maryland in this discussion about our priorities as we address the debt limit we are approaching. I think Leader REID was wise to choose to cancel the scheduled Fourth of July recess so we could continue to work toward an agreement to prevent defaulting by the United States on our government debt and the potential consequences that would ensue here in America and around the world.

As we negotiate an end to this debt limit standoff, we also, obviously, have to address our looming budget deficits and our looming debt, which threaten to cripple our potential for economic growth in years to come. Where we are on that is that President Clinton put our budget on course to permanent surpluses. We would be a debt-free nation right now if the predictions the nonpartisan Congressional Budget Office had put in place when President Clinton left office had been kept. There were few people—President Bush and a Republican Congress squandered away those surpluses with unnecessary tax cuts and unwise spending increases. Our multitrillion-dollar deficits have resulted. We must now pay that debt and bring it back into balance.

So where are we in this standoff? Well, we need to cut spending. Democrats and Republicans agree on that. We need to protect ordinary families who enjoy ordinary levels of income from tax increases. Democrats and Republicans agree on that. The disagreement is whether we also need to raise some revenues in other areas to help balance the budget, areas such as oil and gas and ethanol subsidies, corporate tax loopholes, and putting an end to high-income tax-dodge schemes.

On that front, I rise in support of Leader Reid’s resolution calling for a comprehensive strategy to end to high-income tax-dodge schemes, all the different deductions, all the different distributions, all the different rates, when you actually pay the pen to the paper at the bottom line, it is 18.2 percent. That is what they actually paid. That is what they put into the IRS. Once you get through all the tax dodos, all the different schemes, all the different deductions, all the different distributions, all the different rates, when you actually put the pen to the paper at the bottom line, it is 18.2 percent.

We spent a lot of time around here debating whether the top income tax rate should be 35 percent or 39.6 percent. Folks, that is not what they are paying. The Tax Code is so filled with special provisions that tend to exclusively or disproportionately benefit the wealthy that the highest 400 income earners, earning more than $4 billion in 1 year, paid an average tax rate of 18.2 percent.

This means that the 400 highest earning individuals in the Nation, in 2008, paid a truckdriver in Rhode Island. According to the Bureau of Labor Statistics, on average, an ordinary truckdriver earns $40,200, which is about the place in the Tax Code, on the way up, where you first hit paying 18.2 percent of your income in taxes.

So what the Republicans are asking as part of the debt limit compromise is that we cut employment and job training support now, at a time of record joblessness, while they continue to fight to make sure that people making a quarter of a billion dollars a year pay lower Federal tax rates than average middle-class families.

Here is another building that has a little story to tell. This is a building called Upland House. It is over in the Cayman Islands. This building does not look like much. It is pretty non-descript. But over 18,000 corporations claim to be doing business out of this building—$18,000 out of that little building.

Clearly what is going on is that those corporations are hiding through shell companies, anonymous identities that they and wealthy taxpayers use to hide assets and play tax games with the IRS.

This kind of mischief down in the Cayman Islands and elsewhere through these tax dodges is estimated to cost us as much as $100 billion every year. As part of a debt limit compromise, the Republicans are asking us to cut America’s investments in science, cut America’s investments in technology at the same time they are fighting to protect corporations that hide offshore tax havens so that the honest American taxpayer has to pick up the burden for them. That is what they are fighting for when you pull back the curtain.

When all is said and done, everyone, Democrat and Republican, agrees that there needs to be cuts. And everyone, Republican and Democrat, agrees there should be no tax increases on ordinary middle-class families. Those concerns are not at issue. Where is the dispute? What is the blockade? Again, pull back the curtain and you will see that the Republicans are willing to let us as a nation default for the first time in our history on our debt, which would devastate our economy, all to defend tax rates for millionaires and billionaires that are lower than those paid by regular hardworking Americans; all to defend offshore tax havens that are used to evade taxes while ordinary families are expected to pay their taxes; all to defend corporate and special interest tax loopholes, earmarks for the wealthy and well-connected. That is where they have chosen to stand their ground. That is where they have chosen to pick a fight.

As our Nation rushes toward the August 2 deadline and the agreement deadline before August 2 when we must have something on the table to get the President’s signature on a bill by August 2—as we rush toward that, as the world’s economy and America’s economy are imperiled by the threat of our debt limit not being lifted, what is the core of what they are fighting for, for the super-privileged, for the super well-connected, for the tax dodges they take...
advantage of, and for the lower rates the superrich pay compared to the rest of all of us. Those are the interests that Republicans are protecting when they reject any revenue increases to bring down our unsustainable deficit. They may say low tax increases they are against. Well, the answer should be Americans asking the question back: Tax increases for who? Because if it is tax increases for the guy who is making a quarter of a billion dollars, and is paying a lower tax rate than a truckdriver, that is okay with me. That is a tax dodge we can get rid of. If it is a tax increase for a company that is going to hide in this building in the Cayman Islands to shelter its incomes so that Rhode Island corporations and Oregon corporations, American corporations have to make up the difference—American taxpayers have to make up the difference, and they cannot hide their income down there any longer, that is a tax increase I can live with. I think that is what ordinary Americans have in mind when they say we do not want tax increases. They mean we do not want our rates to go up. But ordinary Americans know that our Tax Code is filled, riddled with gimmicks and tricks and loopholes and deductions that have been put in over the years by lobbyists. They are earmarks, they just happen to be earmarks in the Tax Code. They spend America’s money through the Tax Code, just as much as if it were an appropriation.

But what is the big difference? The big difference is it takes being a very wealthy individual or a very big corporation to be able to take advantage of those tricks, to be able to hire a lobbyist who can build that trick into the Tax Code, and to have the revenues and the resources to be able to maneuver through the Tax Code in that way. Ordinary Americans do not do that. You could try much any company in Rhode Island, show them the thousands of pages of the Internal Revenue Code and ask them: Who has a special provision in it for you? Nobody does. They are regular Americans. They pay regular taxes. They do things the way they are supposed to be done. The gimmicks and the tricks are all at the upper end, and it is time to clean house, particularly now when we so badly need the revenues to balance our budget.

It is simply inexcusable that our tax system permits billionaires to pay lower tax rates than truckdrivers, that it allows the wealthy to avoid taxes by hiding assets in phony offshore corporations. Even if we had no budget deficit, just being fair, honoring the principle of equality would demand that we address these inexcusable discrepancies that favor the wealthy and the well-connected. Our budget crisis, however, brings real urgency to these problems and tax increases continue to work to avoid a debt default by the United States of America and to bring down our budget deficits and to reduce our crippling national debt. I hope Senator McConnell and the Republican Congress will revisit the potential to significantly cut the deficit by addressing tax loopholes, tax gimmicks and, frankly, outright injustice to the ordinary American taxpayers that are now facing the debt limit the Senate. I see the distinguished Senator from Alabama arriving.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I understand that President Obama has summoned certain congressional leaders to the White House tomorrow to discuss spending, debt and deficits, and the debt limit we now operate under. The President has summoned congressional leaders to the White House on at least eight different occasions in recent weeks to discuss budget and debt issues, not including the private talks involving Vice President Biden. Yet with only weeks to go before the debt limit deadline—we are told August 2—secret discussions have failed to produce any grand bargain. Talk is not an action. I do think that is a problem the President has. He thinks making an announcement is something that actually involves changing course in America and it has some effect, when it is pretty clear it does not.

We have had lots of talks and we have heard lots of speeches, so I think we should stop paying attention to these private talks, from which no details emerge and no public discussion is heard. We are getting much too close to the point at which it will be too late to involve the public and allow Congress to fulfill its constitutional duty on spending and taxes.

In remarks yesterday, the President said, “To truly solve our debt problem, we need to take on spending and deficit reduction programs at all. And when the President and his administration, they mean we do not want our rates to go up. But ordinary Americans know that our Tax Code is filled, riddled with gimmicks and tricks and loopholes and deductions that have been put in over the years by lobbyists. They are earmarks, they just happen to be earmarks in the Tax Code. They spend America’s money through the Tax Code, just as much as if it were an appropriation.

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of years, it was considered to be tough, but even it did not balance within 10 years.

We are in a deep hole. It is hard to balance this budget. The House proposed that and they laid out a plan, after working Medicare so that it would help put Medicare back on a sound basis. All of it was slammed by the President of the United States. He even had a speech at the White House and invited Congressman Ryan, who is the brilliant chairman of the House, and put him right in front of him, and then he slammed his bill. Congressman Ryan had courage and integrity and he produced an honest budget that would have made a difference for America. Would we have agreed with everything in it? Of course not. But he didn’t deserve to be hammered by the President of the United States.

To begin to change the debt trajectory we are on, we need to cut at least $6 trillion from our debt and our spending. That is not enough, but we need to do that. If we do that, it will make a huge difference. Just $1.5 trillion or $2 trillion in cuts will not be enough. It will not be enough. The President’s budget, which was in December—the only budget we have gotten from the Democratic side—would increase the debt by $13 trillion, and $2 trillion in spending cuts is not enough.

We are long past the point when the President needs to share his vision with the country and admit that he cannot keep up this spending rate. His budget was a failure to confront the reality that we don’t have the money to keep up unsustainable spending.

According to Bloomberg News, Democratic officials claim that a deal will have to be reached between July 15 and July 22. “In order to write a bill and comply with congressional rules requiring advance publication before consideration, lawmakers probably need as little as 3 days to see the legislation.”

I have proposed legislation that says we ought to have 7 days to consider this historic piece of legislation that would raise the debt ceiling. We want to see how much change in spending the bill would mandate. In other words, if we are going to raise the debt ceiling, because we have limited how much debt America can approve—Congress has—and to keep borrowing—we are borrowing 40 cents of every dollar we spend. If we borrow, we have to make sure to raise it. What we, and the American people, are saying is we don’t like raising it, but if we do, you better show us that you have changed your ways and you are not continuing this reckless spending, when we don’t have the money.

Every bit of that increase is borrowed. We can’t continue that. I truly believe that Congress needs to assert its role, step up and accept responsibility for the crisis we are in and begin to develop the procedures openly and publicly and get us out of this fix. I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Ms. KLOBUCHAR. Mr. President, I rise today to speak about the daunting fiscal challenges our country faces and the urgent need for comprehensive bipartisan action to address our Nation’s debt.

As we debate the path to securing our country’s fiscal future, Greece is battling to keep from defaulting on its bonds. It is in the news. There are legitimate concerns that a default in Greece would send shock waves through the world financial markets, with an impact potentially as devastating as the 2008 collapse of Lehman Brothers.

To avert bankruptcy, Greece has enacted austerity measures so drastic that violent rioting has broken out in its streets. Despite these measures, and despite the aid of other European countries, many economists believe Greece will eventually succumb to its rising debt. Standard & Poor’s and Fitch warned Monday that even with the planned bailout by European banks, Greece’s credit rating could still be downgraded to “selective default.”

While better than a full-blown default, this scenario would reduce Greece’s access to markets and cut off Greece’s access to credit. Alarmingly, Standard & Poor’s gave a similar warning to the United States last week. In a statement to Reuters, Standard & Poor’s said we would drop the United States triple A rating to “selective default” if the Treasury Department misses its repayment on $30 billion in maturing bills on August 4.

Although our long-term fiscal challenges are serious, they are not what caused Standard & Poor’s to issue this warning at this very moment. Instead, what caused the warning was a growing concern that the Congress would fail to come together to pass a bipartisan deal on the debt ceiling so that the Treasury Department would be able to fund the government.

If we are going to succeed in this challenge, we will ultimately have to accept things that we don’t necessarily agree with. It is the only way to develop a plan that is both balanced and comprehensive.

We already know much of what will need to be done. Our failure to act has not been because we lack solutions, but because too often Congress has lacked the political will to get behind a consensus proposal. And in order for debate, it is clear what sort of plan is needed to garner the support necessary to get us across the finish line.

First, a solution should match the scale of the problem. I want to see one that produces around $4 trillion in deficit reduction over the next decade.

Second, it should include a mix of revenue with realistic spending cuts. One example we are seeing right now is how Congress has been willing to put a big chunk of change on the table, right in the middle of the year, as we are working with Senators Thune and Feinstein on an agreement in which it would be a template, where one industry says, OK, we understand that we have a big problem, and we are willing to put money upfront for the debt. We are willing to look at what we need to do in the long term to have a secure energy policy, but also help our debt and deficit. We want to see that done the same way. We want to see a lot of these loopholes closed, a lot of these subsidies end, and do it in a smart way. The budget Sen- ator Conrad has been working on with the Committee of which I am a part is a mix of those revenues and spending cuts. That is what we have to look at.

Third, we must be able to achieve bipartisan support with a proposal, which is why I continue to support the work that has been done by the Gang of 6.

It is time we get serious about advancing a plan that is both fair and
achievable. On August 2, the borrowing authority of the United States will be exhausted. No one benefits if we are unable to reach an agreement by this deadline. Every day that passes without a deal only increases uncertainty in the markets and puts the American economy in jeopardy. Failure to bring the national debt under control threatens America’s future, but the danger of default threatens our economy today.

The way I see it, we have two options. We can either set a precedent of holding the debt hostage to political maneuvering, raising the cost of borrowing and increasing the deficit, or we can show the world that we are serious about addressing our fiscal challenges, reducing the cost of borrowing and strengthening our financial outlook. I believe the choice is clear.

The sooner we can agree on a long-term package, the better for our economy and our country. I hope we can put partisan differences aside to work on an agenda that strengthens our economy, promotes fiscal responsibility, and increases global competitiveness, because if we refuse to have an honest conversation about this, if we insist on using the debate as a vehicle for partisanship, we will just be doing ourselves a disservice, we will be cheating our children and grandchildren out of knowing the America we grew up in. The deficit isn’t going to fix itself. We all know that. We all know we can’t close our eyes, click our heels, and wish the debt would go away.

In their report, the National Commission on Fiscal Responsibility wrote that “every modest sacrifice we refuse to make today only forces far greater sacrifices of hope and opportunity upon the next generation.” They are right. The longer we wait, the more wrenching the choices become. Look at Greece. Who will be making those painful choices? Our children and our children’s children.

None of us wants to see interest rates soar by playing Russian roulette with our economy. Democrats don’t want it. Republicans don’t want it. So what are we waiting for? It is time for Congress to step forward and show some leadership. It is time for us to work together to show the American people that Washington isn’t broken, and that instead we are willing to put aside politics to do what we were elected to do—to do what is right for America.

This is our challenge, and it will be a hard challenge to meet. But I am confident we can come together to make these tough choices, to do what is right for our economy, and to renew the American promise of progress and opportunity for generations to come.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. ENZI. Mr. President, I rise to talk about the crisis our Nation is facing and how we can come together to fix it. We do talk about how we are putting this debt on our children and grandchildren. The time is on us right now. The bill is coming due.

We are facing the most predictable crisis in our Nation’s history with our current financial situation. It is a problem we can all see and that we can all agree is fixable. Of course, acting is not as easy as talking. If it were that easy, we would not be so far in debt.

For some time, we have been talking about reining in spending and making the choices now so that our children and grandchildren aren’t saddled with the enormous debt our country is facing. Now we are facing the reality of reaching the debt ceiling—a cap that has increased to $14 trillion—that is trillion, with 12 zeros—more than $2 trillion over the previous debt limit of $12 trillion—a little over a year ago, in February of 2010.

We have raised the debt ceiling 74 times since 1962, and we have raised the limit 10 times since 2001. Listen to this. In the last 4 years, we have raised the debt ceiling five times. It is accelerating.

What does this tell us about our spending habits? The numbers don’t lie. It tells us we have had to raise the debt ceiling to keep up with increased federal spending. It tells us we have forgotten entirely how to live within our means, and that we need to make serious decisions about cutting Federal spending. We need to make those decisions now.

We have all been talking about it. Republicans have come to the Senate floor and talked about the country’s financial future. They have talked about our debt, projections for the future, and agreed that this path is unsustainable.

Republican and Democratic administrations and Congresses for decades have continually increased Federal spending. No one party holds all the blame for the situation we are in, but clearly the path we are traveling on is leading to a crisis.

Last week, the President held a press conference where he lectured Republican Members of Congress. He told us we need to stay in Washington to get things done. After listening to his press conference, we invited the President to meet with Senate Republicans. We hoped to explain to the President that the political reality makes it so that a bill containing tax increases cannot pass the Senate or the House. After lecturing us about the need to be in Washington and the need to get our work done, one would assume the President would take us up on our offer to meet. Instead, his spokesperson said meeting with Senate Republicans was “not a conversation I am having.” Rather than staying in Washington to work on the debt and deficit, the President chose to fly to a fundraiser in Philadelphia.

Republicans have been engaged in efforts to fix the debt and deficit since the election last fall. House Republicans passed a serious budget that would cut $6.2 trillion over the next decade—not enough but substantial. After demagoging the Ryan budget as an effort to kill Medicare and push grandma off the cliff, Senate Democrats have yet to bring any budget to the floor.

I just a few minutes ago that one is being considered, but it is being considered in a very partisan way, and I don’t know if we will get to see it before it comes to the floor. But we have gone 800 days without passing any sort of budget. Even though the media reported that Senate Democrats have reached a budget agreement, they still haven’t brought the budget to the floor or shared it with Republicans. Why? I can only assume it is because it includes trillions of dollars in tax increases that would be unpalatable to the majority of Americans.

The President presented a budget and we voted on that budget. In fact, it was voted on 0 to 97. The President didn’t get a single vote for his budget. I didn’t vote on many deadlines, but it happened. Check it on.

While Democrats continue to ignore the problem, Republicans look for solutions. All 47 Senate Republicans have signed on as cosponsors of a constitutional amendment to balance the budget. Senator TOOMEY and Senator PAUL put forward their own budget efforts that would balance the budget. I have introduced legislation that creates 2-year budgeting and other legislation that would reduce spending by 1 percent each year for 7 years until we balance the budget. If Congress can’t reduce spending by a single percentage point each year, it basically has given up and decided to leave this huge and growing pile of debt to tower over our children and our grandchildren and us, casting a grand shadow over their future and ours.

I remember a hearing we had in the Finance Committee and pretty much everybody said the same thing—It’s growing.

You are in a big hole, quit digging. Phil Gramm talked on taxes and said: Don’t penalize America with a tax every time Congress fails to do its job, which is to balance the budget, to spend reasonably. Failure on Congress’s part doesn’t warrant taxing Americans.

So where do we go from here? Republicans are ready to work, but we need Democrats to work with us. We need the President to take a realistic look at the situation and realize that tax increases are not the answer because the votes aren’t there to pass a tax increase. We need to come up with a solution to the budget crisis we face and we need to do it now.

If we are serious about fixing the problem—and I believe many of us are—we have to come to the table willing to work. We have to stop pointing fingers. We have to stop playing political games. We have to stop throwing ideas that are proposed. We need the President to step to the plate and explain to the American people the problem we face if we don’t get our debt and deficit under control and
then give the solutions, not just tax raises.

The President is the only person in the Nation who has the bully pulpit necessary to teach the American people what happens if we don’t get a budget deal and get timely appropriations. The President talked about some of the taxes he would increase. The deficit commission suggested those taxes could be used, but they suggested they should be used to lower company rates and not to cut spending, which would increase revenues. They didn’t suggest they should be used to pay for new programs, and they are not even being suggested to reduce the deficit.

Rather than taking the lead in selling the plan, the President has tried to stay above the fray and instead spent his time criticizing Republicans who have come up with a variety of plans. That isn’t productive, it isn’t helpful, and it isn’t going to get us to a deal. We need to end the finger-pointing and show the plan. Show us the plan. Bipartisanship is not about compromise, it is about what we leave out or finding an alternate way to accomplish a mutually agreeable way.

I know it works. I have seen it happen. The late Senator Ted Kennedy and I were able to put this theory into practice when we worked together on the Health, Education, Labor, and Pension Committee. He and I came from opposite sides on most issues, but we chose to focus our time and energy on finding a way to accomplish a mutually agreeable way. These kinds of results are possible today, but we have to get to work. We can’t keep raising the debt ceiling. We can’t tax more every time we have a good idea. We have to address the spending problem in Washington, and we have to figure out some solutions to correct our large fiscal imbalance. These aren’t easy issues to address, but we have been sent to do a job, and that job includes rolling up our sleeves and finding a way out of the mess.

We are here through this July recess but we are still not doing anything that is proactive or productive. The Democrats are in the Senate majority. They control the floor. Yesterday, we did a nothing vote to see if everybody was back. We will not vote until tomorrow now, and it is just a political ploy put up by the leader. It is messaging, and messaging will not pay the bills. Let’s get something done in this session.

I yield the floor.

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

Mr. KERRY. Madam President, what is the order at this point?

The PRESIDING OFFICER. The Senate is on the motion to proceed to S. 1323 until 6 o’clock, with Senators permitted to speak for 10 minutes.

Mr. KERRY. Madam President, I ask unanimous consent that I be able to proceed for 30 minutes.

The PRESIDING OFFICER. Is there objection?

Hearing no objection, it is so ordered.

Mr. KERRY. Madam President, I listened to my colleague just now and I have listened to colleagues over the last weeks and there are a lot of crocodile tears being shed on the floor of the Senate about why we are not doing something, all of which completely ignores the fact that everything we try to do, the folks on that side of the aisle make us take longer and longer and longer than we have ever taken before because they push every single procedural objection possible. Even the most routine thing we try to do on the floor of the Senate requires 60 votes or requires a motion to proceed. The most perfunctory, simple thing requires us to go through every procedural hoop and parliamentary process because they have persistently pursued a strategy aimed at gridlock. The idea is to make Americans see the dysfunction and then blame it on the party in power and run against them. We call them the bully pulpit and dangerous policy I have ever seen in the 27 years I have been in the Senate, and I regret it for our country.

There is a reason Democrats are standing, and it is not a question of principle, against the Ryan budget and against the proposals our Republican friends keep proposing. That is because they are the only party who have consistently stood and said: We are not going to consider everything. We are just going to give you a tiny, little menu, and you have to balance the budget out of spending cuts only. That is all that is in their budget. The only thing in their budget is spending cuts. Twelve percent of the entire budget is all they have put on the table in order to try to do something responsible about the deficit of our country.

We, on the other hand, have consistently said: We will put everything on the table—everything—Medicare, Medicaid, reforms—not benefits. We are not going to cut the benefits on people because we don’t have to in order to deal with this problem, but we can reform them. We can certainly be more effective and efficient, and we are prepared to do that. We are prepared to do other things we are prepared to do—defense spending, wars, and a whole series of things.

Last week, one of our newest colleagues made a very interesting and I thought revealing observation. The Senator from Delaware, CHRIS COONS, who balanced budgets in county government, who took cases all the way to the Supreme Court, who has seen decisions made in the business world as well as in the nonprofit world and who realized that people are people but new to the Senate, made the observation that some people are actually looking into the language of the 14th amendment and the debt limit in order to learn whether “there might be some way to save us from ourselves.” That observation brought home to me how absurd this place must look right now, not just to a new Senator but to anyone who is watching the business of our Nation done but to the average American, to people who invest in the extraordinary mythology that surrounds this great institution we are all a part of—the greatest deliberative body in the world. We can lay claim that one day. There is an absence of deliberation—a great absence of deliberation—and I think a lot of people are alarmed by the dysfunction they see with respect to this great institution.

It is extraordinary when we have to look at the language of the Constitution to find possible ways to do what Congress and the Senate are supposed to do on their own—take tough votes, look at the tough issues, make tough decisions but, more than that, do it in the interest of the United States, not in the interest of either party or of some ideology.

Here we are, less than 5 weeks from August 2, the day the U.S. Government would default on its obligations for the first time in its history, and Washington is still playing the same old political game—a dangerous game of chicken—with enormous consequences for our economy and our future in every respect—economic, social, and national security.

I hear this in my travels. Senator MCCAIN and I were in Egypt recently, and we had people turning to us and saying: Hey, how about you guys? Can you get your act together before you are telling everybody else what they ought to be doing with respect to their future?

You are promoting democracy. How is your democracy doing back there in the United States? Working out all right, right now?

Washington is stuck, and it is stuck because we have a few ideologues and some people outside of the U.S. Senate who cower our fellow colleagues with threats of primaries. People are going to run against them if they move off of the right hand and said: I swear to uphold the Constitution of the United States. Well, everyone has knowledges that defaulting on our obligations would be disastrous for our country. Everyone here simultaneously says they don’t want the default to happen. But here we are with a small minority holding the debt limit hostage to an ideological agenda, saying they will not consider an approach that most observers consider indispensable and reasonable in reaching an equitable solution to our crisis.

The consequences of not doing something are not far off in the future. Every day that we are here not getting this decision made, we are
weakening our economy and we are making our government and, through it, our country look helpless and adrift. The fact is that it is already having consequences with respect to business decisions. Capital is holding back. Businesses are reluctant to invest. And, uncertain of what the budget of the United States is going to look like, uncertain of what kinds of signals we are going to send to the marketplace. Certainty. I keep hearing colleagues say we have to send certainty. But when they look at this chaotic debate, what kind of certainty could any businessperson possibly take from what is not happening in Washington today?

Our friends on the other side of the aisle say they want to create jobs, but Moody’s chief economist, Mark Zandi, has said that hiring is only going to resume if we can get our act together and settle this debate, and the sooner, the better. At the beginning of the month, Moody’s announced that it might downgrade our country’s credit rating if Congress isn’t able to come to an agreement by the middle of July. That is a wake up call. If that happens, I promise you our economic recovery is going to halt in its tracks. Maybe some people want that. I hope not. But today investors are looking at the scene here in Congress, and they are wondering if we are ever going to get it together. And the longer we wait to get serious, the higher the interest rates are going to go. That hurts everyone in America. Everyone who owns a home or runs a small business is going to be squeezed while Congress is in this ideological standoff.

I read David Brooks’ column this morning in the New York Times, a brilliant column talking about the unreasonableness of taking things off the table. Occasionally.

Recently, 235 economists, including 6 Nobel Prize winners, sent a letter to congressional leadership urging them to raise the debt limit immediately. Not to give in to the pressure, as some have chosen to make it, to raise taxes now, but to raise it, and quickly. I can’t stress enough how quickly. And, the longer we wait to get serious, the higher the interest rates are going to go. That hurts everyone in America. Everyone who owns a home or runs a small business is going to be squeezed while Congress is in this ideological standoff.

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grandparents made. The Interstate Highway System didn’t just sprout up one day; it was a government program investing taxpayer dollars in building a nationwide road system that helped America to grow and be unparalleled in its status both compared to any other nation in the world. That was a President Eisenhower program.

The truth is that today we are falling further and further behind other nations in terms of our investment in the infrastructure of the future. The United States is spending less than 2 percent of its GDP on infrastructure. Compare that. China is spending 9 percent of GDP on infrastructure. Europe is spending 5 percent of GDP on infrastructure. They have trains and airports and other things that work and get people where they want to go faster than our trains.

We are looking at a country now that has about a $2 trillion deficit in the infrastructure of our Nation. We have 69,000 bridges that are structurally deficient. We need to invest in them so they don’t fall down like the bridge in Minnesota. We need to invest in our airport structures so we don’t have airport delays or potential of collisions in our airways.

According to one study, $1 billion in investment in infrastructure results in 18,000 jobs. So at a time when America is begging for more jobs, why would we not be investing in infrastructure in this country? You go to Germany or Brazil, and they are investing huge amounts in their future, and right now both countries are threatening to leave this country. They did it because they put politics aside and they saved Social Security. They have trains and airports and other things that work and are making the future.

Millions of Americans know we can do a lot better. Frankly, in the 1980s you couldn’t find three more ideologically different people than Tip O’Neill, Bob Dole, and Ronald Reagan, but they put politics aside and worked on the government program that made our future

President Bush put in place contributed to the deficit, and the revenues have to be addressed if we are going to go forward and deal with this. Federal revenues today—the money the government takes in—is at its lowest level since 1950. We have had a 60-percent reduction in revenue and a 60-percent increase in expenditures, and right now we are looking at a country now that is begging for more jobs, why would we not be investing in infrastructure in our future?

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I often hear my colleagues on the other side of the aisle only talking about the spending problems of the country.

Madam President, may I ask how much time I have used?

The PRESIDING OFFICER. The Senator has used 14 minutes.

Mr. KERRY. I thank the Chair. I often hear my colleagues talking about the spending problem. What they forget about is we had a surplus we created in the 1980s by making the tough decisions. We invested in the future of our country, and we created 23 million new jobs. And in the 1990s, when we balanced the budget—let’s not forget that. Some of us were here and made those tough votes, and we balanced the budget. We had a surplus. Every income level in America went up—every single income level—and we did it at a time when the total relation-
Not only are lobbyists arguing for tax breaks, highly skilled tax lawyers have a history of finding loopholes for corporations to exploit. We use to have a provision in the Tax Code which was finally eliminated that provided a tax credit for synthetic fuels for coal. I found one provision and one company admitted it was profitable just because of this tax credit. Some firms getting this credit were simply spraying newly mined coal with diesel fuel or some other substance. We need to work out to find these type of provisions and remove them.

If there is a loophole, someone will find a way through it. I think we all remember how one oil company was getting a tax credit for co-processing animal fat with biodiesel from biomass. We shut that one down but other loopholes have opened.

Last year, we thought that we had seen the end of the “black liquor boondoggle.” Paper mills were using a mixture of black liquor and a byproduct of the pulping process as an energy source for the mill. The intended purpose of this credit is to produce motor fuels from biomass. These companies were getting a windfall that was never intended during the last Congress. The companies are still finding a way to benefit from black liquor. I have also heard that some are trying to benefit from this same credit for alternative fuels by adding cow waste and other waste to corn alcohol. This was not the intended purpose of this provision. In past Congresses, I have introduced line-item veto legislation which included tax benefits. These are abuses that we can all agree to end.

For years, we have been trying to repeal subsidies for major oil companies. Just last month, we failed to eliminate $2 billion a year in tax incentives for oil companies. These incentives are no longer needed. We needed to jointly review the Tax Code and remove the deadwood. Some subsidies are no longer needed. And some are completely necessary. The Tax Code has become riddled with special interests. Over the past 25 years, Congress has introduced billions of dollars of worth of special tax breaks, loopholes and subsidies into the Tax Code—making total tax expenditures now exceed $1 trillion.

With the future of our country at stake we have to decide if we want to care for our elderly and educate our children or provide tax breaks for those who do not need them. Would we rather invest infrastructure or allow race horse owners a shorter period to deprecate their horse?

As we consider legislation to increase our debt limit, our colleagues in the minority refuse to even discuss eliminating any of the tax expenditures that these lobbyists have helped enact into law. Not one permanent tax expenditure. I guess they prefer to increase the spending cuts that hurt low and moderate-income families.

I think we need to review the $1 trillion in expenditures and decide what is really needed instead of slashing programs which will weaken our economy. It is time for us in Congress to stop falling prey to corporate lobbyists and stand up for our future. To reduce the deficit we need to make hard choices and we should not be afraid of saying no. If we do not start eliminating tax expenditures, we will not be able to reduce the deficit without gutting Medicare or Medicaid.

We hear a lot about the Ryan budget, but make no mistake; the House passed budget does not eliminate the deficit. It just makes a series of spending cuts to provide tax cuts to those at the very top even greater than the existing 2001/2003 tax cuts.

And Chairman RYAN may call his budget the “Path to Prosperity” but that is not where its path would take our seniors. At least two-thirds of the over $1 trillion in budget cuts come from programs serving those of modest means. To be clear, the House budget is not about making tough choices about putting in place Republican priorities—increasing tax cuts for the wealthy and slashing social programs that people depend on.

We should examine all spending and not just the defense spending off the table. For example, we should be cutting programs like the Medium Extended Air Defense System, MEADS, which had a budget request of $406 million for fiscal year 2012 but the Pentagon had a ending and running cost. Or the F-22 raptor fighter jet, which in 2009 we were able to cut $1,750,000,000 in procurement funds of a plane that was costing too much money and wasn’t appropriate for the 21st century wars we are engaged in. We should aggressively go after fraud and abuse, eliminate erroneous payments to health providers, and better coordinate health care for people who receive both Medicare and Medicaid. These dual-eligible beneficiaries account for only 15 percent of Medicaid enrollment but constitute nearly 40 percent of Medicaid spending.

Instead of digging more ideological trenches, we should look at the last time we actually achieved a path to fiscal stability. The bipartisan 1990 budget agreement included discretionary caps and revenue increases. It was a real compromise that looked at both sides of our budget equation. And in January of 2001, the Congressional Budget Office projected that the debt would be erased by 2006 and that by 2011, there would be a $2.3 trillion surplus.

Yet somehow, in the years since this real bipartisan success, too many people in this building seem to have forgotten that there are two sides of the budget ledger.

Just look at the balanced budget amendment House and Senate Republican leaders proposed. It caps Federal spending in any fiscal year at a completely unrealistic 18 percent of GDP. It wouldn’t just result in unthinkable cuts to Social Security, Medicare, and Medicaid; it would also impose arbitrary limits on the Federal Government’s ability to respond to the recession. So the recession could be deepened by increasing the number of unemployed, decreasing business investment, and withholding services needed to keep our military strong. The same proposal would result in a two-thirds vote to increase revenues, making it nearly impossible to eliminate wasteful tax loopholes or unnecessary tax giveaways.

For an enforcement mechanism to work, both sides should not want the trigger to occur. We shouldn’t be hoping for automatic spending tax cuts or revenues. A tough enforcement mechanism will force us to make difficult choices, both substantively and politically.

It is time to end the polarization over how to resolve our budget crisis. We can’t hide behind global spending caps, unrealistic constitutional amendments, or pledges vowing opposition to tax increases. The cuts that would be required to meet the spending targets of a cap would have to be as drastic as or even worse than proposals included in the House-passed budget resolution.

Spending for Social Security, Medicare, and Medicaid are driven by factors beyond the programs’ control. Under spending caps, their percentage of total spending would be big enough that the percentage cut in discretionary programs and they would be subject to automatic large cuts.

We need to think hard about what is fair in America. The only tax President Obama or we Democrats have talked about is on the wealthiest people. Millionaires. People who earn more than $1 million a year. That is about 7,000-plus lucky families and individuals in the United States. All we are doing is taking without asking. These cuts would be bigger than the percentage cut in discretionary programs and they would be subject to automatic large cuts.

It is not as if they have done badly these last 10 years. The fact is, more wealth has been accumulated in the hands of the smallest part of America, the top 1 percent, than at any time in America’s history. The wealthy are far wealthier than when we had no income tax and when we had the great names.
of the 1920s and 1930s and the industrial revolution: Pierponts, Morgans, Carnegies, Mellons, Rockefeller, and so forth. They are much wealthier today. Yet they are paying far less of their share than at any time in modern history.

Here we are with a deficit problem. They are talking about cutting Medicaid. They are talking about cutting the student loans, making it more expensive for kids to go to college—the one thing we desperately need in order to compete with the rest of the world, people who have a college education. I do not hear anybody in America saying make it harder for my kid to go to college, but that is what they are doing in their budget. That is exactly what they are doing. But they stand up adamantly and say: No way will we allow people earning more than $1 million a year to pay $12,000 of an additional tax. If a person is earning $500,000 a year, they would not pay any additional tax on their first $250,000. On the next $250,000, they would not pay any additional tax on their first $250,000. On the next $250,000, they would not pay any additional tax. Yet they are paying far less of their obligations is now just weeks away, and the point at which we will succeed, but it is my view the way to break this gridlock is to agree to a tax cut to about 98 percent of America. The only people we are talking about asking to kick in and give us some more revenue are people earning the most.

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

Mr. MCCAIN. Madam President, it is well known to all Americans who have observed, and certainly the media and certainly Members of this body, the Congress in this last Congress did not balance budgets. There has been little if any progress, certainly not any perceptible to the American people. We are in a gridlock, a gridlock that is not favored by many Americans. In fact, I continue to hear from my constituents we can all pull the car all the way down and work this out? Why can’t we not be faced with a shutdown of our Government and the loss of the important services that the Federal Government gives to the American people—most of which they have earned and all of which they deserve?

Here we are with the President of the United States demanding that there be tax increases and the Republicans, certainly many of them, are insisting on a balanced budget amendment which cannot pass the Congress of the United States.

On the one hand, President Obama and my friends on the other side of the aisle insist on tax increases and argue somewhat inflammatory and popular issues such as corporate jets, carried interest for private equity, oil and gas. Those are hard to defend.

At the same time it is very clear that the American people spoke and afforded the President the United States called a ‘‘shellacking’’ last November. They want us to stop mortgaging our children’s and our grandchildren’s future and get the spending under control. I have yet to meet a constituent who wants their taxes increased.

We are in a gridlock. There will be a meeting tomorrow on the debt crisis again, this time between the President and leaders of Congress. We all hope it will succeed, but it is my view the way to break this gridlock is to agree to certain tax increases and closing loopholes, but only in return for an overall reduction of the corporate tax rate. That way, Republicans can say we have not raised taxes overall, and the administration and the Democrats can say they eliminated loopholes and indeed made the taxation of Americans more fair.

It is time we get serious. The debt, as we all know, is $50,000 for every man, woman, and child living in America today. That is why we have seen the rise of the Tea Party and the fiscal conservatives. I hope these negotiations can be made visible to the American public by C-SPAN so they can see what is being discussed.

As I said, the debt stands at $14.5 trillion. We cannot continue to sit idly by while saddling future generations of Americans with the burden. So if we are going to make the deficit cuts, then Congress needs to start making some serious decisions, and we need to start now.

I would like to remind my colleagues, particularly in light of the impassioned speech I just listened to from my friend from Massachusetts, here is what President Obama’s thoughts on the debt limit were in 2006 when he was a Member of this body. I quote him from a speech he made on the floor of this Senate:

The fact we are here today to debate raising America’s debt limit is a sign of leadership failure. It is a sign that the U.S. Government cannot pay its own bills. It is a sign that we now depend on ongoing financial assistance from foreign countries to finance our Government’s reckless fiscal policies. Raising America’s debt limit is a sign that we are giving our children and grandchildren. America has a debt problem and a failure of leadership. Americans deserve better.

Then-Senator Barack Obama on the floor of this Senate.

I guess it shows on some issues with then-Senator Barack Obama it is not where one stands, it is where one sits. I could not agree more with what then-Senator Obama said in 2006. Americans do deserve better. We face in this mess today because of a serious lack of leadership. It is not the fault of just one of the political parties; it is the fault of both parties. Year after year of uncontrolled spending by both Republicans and Democrats has brought us to the brink of bankruptcy. The point at which we will begin to default on our obligations is now just weeks away, and it is shameful. It should be inconceivable that the greatest Nation in the history of the world should face such crippling debt while its leaders engage in such partisan bickering instead of solving this problem.

I would like to bring to the attention of my colleagues the lead editorial in today’s Wall Street Journal, which I believe holds the answer to this stalemate.

Madam President, I ask unanimous consent that today’s editorial in the Wall Street Journal entitled ‘‘A Debt-Limit Breakout’’ be printed in this RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

(From the Wall Street Journal, July 5, 2011)

A DEBT-LIMIT BREAKOUT

The debt-limit talks in Washington are bogged down in the hedgerows, with some Republicans insisting on a balanced budget amendment that can’t pass Congress and President Obama insisting on tax increases that Republicans oppose. What this debate needs is a breakout strategy—to wit, Republicans should answer Mr. Obama’s tax call by accepting his business tax increases in return for a lower corporate tax rate.

We’ve long favored such a reform, and last year so did the Simpson-Bowles deficit commission and the White House economic advisory council headed by Paul Volcker. But the cause has now acquired no less a convert than Bill Clinton. Speaking Saturday at something called the President’s Festival, the former President admitted that he had once raised tax rates on corporations.

Mr. MCCAIN. Madam President, I ask unanimous consent for 15 minutes to address this body as in morning business.
It made sense when I did it. It doesn’t make sense anymore. We’ve got an uncompetitive rate,” he said. “We tax at 35% of income, although we only take about 25%, or whichever’s competitive, and eliminate a lot of the deductions so that we still get a fair amount, and there’s not so much variance in what the corporates pay.

We opposed Mr. Clinton’s tax increases, not least because corporations don’t pay taxes so much as they write off deductions. Our agent on the rest of Mr. Clinton’s riff, Milton Friedman and Robert Mundell couldn’t have put it better, though perhaps they still think that 25% is still too high.

We’ll oppose, but Mr. Clinton is exactly right on the failure of the 35% rate (39% on average including the states) to capture corporate income in addition to his current tax revenue. We wrote earlier this year about Whirlpool, which had an effective tax rate of zero due to its many write-offs. Everyone knows the notorious case of GE.

The average effective corporate rate varies by industry but is far less than the 35% rate, and the injustice is that some pay much less than their competitors, so write loopholes or they invest in politically correct purposes. Anyone not in thrall of class-war symbolism understands that the U.S. corporate tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised. Mr. Obama and Treasury Secretary Geithner have acknowledged this in the past, the President as recently as this year’s State of the Union address.

As for the debt-limit politics, this is also a winner. Democrats and Republicans say they’ve agreed privately on sizable spending cuts over a 10-year budget window. No doubt some of those will be real, and future Congresses could rewire any enforcement provisions passed this year. But Republicans still have an incentive to set spending on a downward path, and Mr. Obama has an incentive to show he is no longer a hostage of Nancy Pelosi as he runs for re-election.

The political sticking point is Mr. Obama’s desire for some Republican buy-in on raising revenues. His political left is still sore that he agreed to extend the Bush tax rates through 2012. This he’s pushing Republicans to agree to eliminate certain business tax deductions that political advisers David Axelrod and David Plouffe have told him will help close this $1.4 trillion deficit commission and the White House economic advisory council headed by Paul Volcker. But the cause has now acquired no less a convert than Bill Clinton. Speaking Saturday at something called the Aspen Ideas Festival, the former President admitted that he had once raised tax rates on corporations.

“That made sense when I did it. It doesn’t make sense anymore. We’ve got an uncompetitive rate,” he said. “We tax at 35% of income, although we only take about 25% so we should cut the rate to 25%, or whatever’s competitive, and eliminate a lot of the deductions so that we still get a fair amount, and there’s not so much variance in what the corporations pay.”

The editorial goes on to say:

Anyone not in thrall of class-war symbolism understands that the U.S. corporate tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised. Mr. Obama and Treasury Secretary Geithner have acknowledged this in the past, the President as recently as this year’s State of the Union address.

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Our own guess is that such a reform would raise far more money than the official scorers would predict, since it would lead to a more efficient allocation of capital and less tax evasion if the 25% corporate rate is put back. The torturing effect of subsidies is clearly evident in the energy sector. We should eliminate these subsidies, lower the corporate tax rate and allow the marketplace to pick winners and losers, not the government.

The editorial tax is a perfect example. This year the ethanol tax credit cost taxpayers almost $6 billion in addition to already spent in subsidies on ethanol since 1980. A recent CRS, Congressional Research Service report indicates that tax credits and subsidies for solar, wind, and geothermal energy cost $8.6 billion from 2000 to 2012. For the oil and gas industry, the eight tax breaks recommended for elimination by President Obama would eliminate $43.6 billion in spending over 10 years. The largest among these tax breaks is the section 199 manufacturing tax subsidy that will cost approximately $18 billion over 10 years. We should eliminate the section 199 tax subsidies for all industries to avoid arbitrarily picking winners and losers. Why should we value manufacturing over other service providers?

Additionally, we should eliminate all agricultural subsidies, including sugar programs, end corporate welfare, and end tax breaks for corporations for things such as corporate jets. We need to put aside the rhetoric of corporate jets, which is just a poll-tested political phrase concocted behind one-way mirrors. Everyone knows eliminating all tax breaks on corporate jets would not amount to any real revenue, but if we seriously looked at curbing corporate subsidies, such as the ethanol subsidy I just mentioned, then all Americans would benefit.

I feel the need to provide my colleagues with some straight talk. As the Journal notes, some of my Republican colleagues are “insisting on a balanced budget amendment that can’t pass Congress.” Let me be clear—I am an avid supporter of a balanced budget amendment to the Constitution. Since 1929, we have witnessed more than a dozen bills or amendments calling for a balanced budget amendment, and I have had the privilege of
voting in favor of a balanced budget amendment to the Constitution no less than 13 times in my Congressional career. I applaud my colleagues for their tireless dedication to this cause. But our reality today dictates that we do not have the votes in this body to enact such a measure. Perhaps that will change after next year. I hope so. But for our purposes today, in order to avoid what could be disastrous consequences for our markets, our economy as a whole, and our standing in the world, I encourage my colleagues to lay aside, at least temporarily, their insistence that amending the Constitution be a condition of their support for a solution to this terrible problem.

The Wall Street Journal editorial ends with this: Think about it. On the current path both sides are headed at best for a de minimis deal that makes everyone look bad, at worst for a major political crack-up. Perhaps Mr. Obama wants a crack-up to portray Republicans as extreme.

As my colleague from Massachusetts just did.

But Republicans should at least call his bluff and answer his demands for fewer business taxes, as is being done by saying yes—in return for lower tax rates.

I couldn’t agree more with the Wall Street Journal. This debate desperately needs a breakout strategy. As the editor points out, we need a commonsense solution to this problem. I hope President Obama will follow former President Clinton’s lead and the example set by the great Ronald Reagan and put aside politics, work with the Congress on this matter, and accept a compromise that will allow us to responsibly deal with our debt while creating jobs and spurring economic growth.

I would like to point out again:

The corporate tax rate varies by industry but is far less than the 35 percent rate, and the injustice is that some pay much less than others if they can afford lobbyist salaries or they invest in politically correct purposes. Anyone not in thrall of class-war symbolism understands that the U.S. corporate tax code provides the worst of both worlds: It makes U.S. companies less competitive even as it raises much less revenue than advertised.

So the fact is, the corporate Tax Code needs to be reformed anyway, and we need to cut it to 25 percent. It is either the second or the highest tax rate in the world. Yet somehow major corporations such as Whirlpool and GE end up paying no taxes, but yet small businesses who can’t afford a lobbyist here in Washington end up paying the 35 percent rates if they are incorporated. It is time we tell the American people who are frustrated by our lack of leadership, by our failure to come together. It is time to end the rhetoric, fulfill the commitment we made to the American people last November. After having sent the message that they want the spending cut and the mortgaging of our children’s future stopped. This is a reasonable proposal that I believe, with spending cuts, can be a breakthrough that we can proudly return to our constituents and say we are taking care of them, not the special interests and not hidebound ideology.

I yield the floor.

Mr. UDALL of Colorado. Madam President.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. UDALL of Colorado. I ask unanimous consent that the time of the debate of the previous order be extended until 7 p.m., with all the provisions of the previous order remaining in effect.

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

Mr. UDALL of Colorado. I ask unanimous consent I be able to speak for 15 minutes as in morning business and that Senator Coons be allowed to speak as in morning business for 10 minutes.

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

Mr. UDALL of Colorado. Madam President, I believe we may be in a situation where we are exchanging speeches one side and the other. May I withdraw my unanimous consent request for Senator Coons?

The PRESIDING OFFICER. The consent is vitiatted.

Mr. UDALL of Colorado. Madam President, I came to the floor to deliver a speech on the debt ceiling and all the activity surrounding the need to increase our debt ceiling, but I took the time to listen to Senator McCain while I was here, and I have to say I agree with Senator McCain. We need a breakout strategy. We need cooler heads to prevail, and I think many, if not all, of us can agree our tax system is overly complex. It ought to be simplified. We ought to lower rates. We ought to end the loopholes and the subsidies and the deductions and let the free market work forward to get us working with the Senator from Arizona as we, hopefully—and hope sometimes is a strategy—but we get a broad agreement, we go big. We deal with our debt, we strengthen our entitlement programs, we reduce spending, and find ways to generate more revenues.

I thank the Senator from Arizona for his comments.

I rise, as I just implied, because I think the fiscal challenges that confront us are the greatest economic challenge we face.

Both parties approach the issues before us from very different points of view, but time is truly running out on our Nation’s structural deficits and our long-term debt and the need for us to address those. I would like to both parties to show genuine commitment to action. How about if we sit aside our talking points so we can get some work done. If any other Members believe the solution to our deficit and debt demands comprehensive and bipartisan legislation, I would invite them to come down to the floor and let our colleagues know we are clearly racing towards a crisis that seems like we can’t let go of the partisanship and the political posturing that creates gridlock in the Capital City of Washington. It sure strikes me as childish. I think this strikes many Americans and Coloradans that way as well.

We are more broadly having this debate because the time is upon us to decide the economic future of our country. Yes, we have to raise the national debt, but this is about our economic future, and this is the country we inheri-

Our national debt is $14 trillion and it is growing. Today, each citizen’s share of that debt is over $46,000 per individual. If we remain on this path, which is irresponsible, there is no question about that the Government Accountability Office projects that by 2050, our Nation could owe more interest on our debt than the Federal Government raises in taxes in a given year, and our sky-rocketing debt is not only spooking international markets, but it is a serious threat to our national security. Listen to Secretary of Defense Gates or Chairman of the Joint Chiefs Admiral Mullen, they will make that point in a compelling fashion. Look, we got here in ways that are not simple. But unquestionably two unpaid-for wars, two rounds of massive tax cuts, unpaid-for prescription drug benefits, and drastic rescue measures needed to address the most serious economic downturn since the Great Depression have all contributed to the current situation.

The solutions are even more difficult. While we may disagree about the path forward, I think we all know in our hearts that we cannot get to a solution unless we all agree to come to the negotiating table willing to compromise to ensure that our country, the United States—the largest economy in the world—can honor our bills and begin to pay down our debts. That is the challenge. But let it be said that the opportunity, as I see it, that brings us to the Senate floor today.

We began this year with serious and, I believe, earnest conversations about this in not one but two groups of lawmakers in the House and Senate. Yet, despite all the talk and a lot of hard work, rather than nearing an agreement, we seem to be coming to an impasse. In the last few weeks, the state of negotiations seems to have fallen apart, with key players choosing to walk away rather than compromise. We hit the same roadblock that always inhibits action when things get tough: Politics get in the way.
In fact, it seems as if everybody in the world except the Congress seems to know time is running out. Think back to April. Standard & Poor’s cut the U.S. ratings outlook to “negative” due to the uncertainty over budget deficits and the debt ceiling. This month, Moody’s piled on, warning that it too may downgrade the U.S. ratings outlook to “negative” as early as July—it is July 6—because of concern over gridlock in Washington.

I have to say the American people are running out of patience as well. Back home in Colorado, people are wondering what in the world we are doing in Washington. I was not up for reelection in 2010, but I was listening to what the voters were saying. They clearly said to us they want us focused on jobs, the economy, and the debt. And they want us to work together.

Consider the direction I got recently from a woman in my home state of Colorado, a registered Democrat in Arvada, CO. He wrote:
I am counting on you to put the interests of everyday Americans above party politics and join your legislative colleagues on both sides of the aisle in finding sensible solutions to our long-term national debt problem.

Many more Coloradans have sent me similar messages. I got one from a Boy Scout, David, in Evergreen, CO, whose words were stronger than mine. He said:
I think the United States government should stop spending unnecessary money. We should focus first on what is necessary. . . . It is not right how much money our country owes. It is constantly going up! I just looked at information about the United States debt clock, and I think this debt is way too high. People at the federal government in Washington, D.C., are spending money as if they had all the money in the world.

David, if you are listening, I agree.

No question, Americans want quality roads, a safe net for the sick and elderly, and strong investments in education and research that will spur innovation and good-paying jobs. But we need to commit to ensuring we have the financial stability to pay for them.

For too long, the American people have collectively been told by us here in Washington that they can have more of everything they want without us fully paying for it. But to preserve a future for our children—for Curt’s children, for David—we are going to need to face up to some hard truths.

Fifty years ago, my father, former Arizona Congressman Mo Udall, supported only one common sense: If we want to give companies $1 billion in tax subsidies, then let’s raise taxes by $1 billion to pay for them. The same kinds of common sense Americans use when they are faced with the hard job of balancing their own budgets when money is tight.

As a Senator, I have successfully led the fight to end wasteful earmark spending, proposed measures to cut redundant government programs, demanded line-item veto authority for the President, and, yes, pushed—and I see my colleagues from the other side doing the same thing—on a responsible balanced budget amendment to our U.S. Constitution. But these measures only serve as tools to get Washington to clean up its act, and that is not enough. We need to suck up our courage and actually make the tough budgeting decisions.

If we are going to get anywhere, we have to realize we all have skin in the game and we have to check ultimatums at the door—especially on issues such as Social Security and taxes. The challenge facing us is so great we cannot afford to let partisanship or electioneering get in the way—and both parties are guilty.

For example, we cannot seriously address debt reduction without looking at Social Security. If we do nothing, by 2036, Social Security benefits will have to be cut by 20 percent. Congress will undoubtedly be under enormous pressure to fill that hole in lieu of telling seniors their benefits would be reduced. To say Social Security—when you look at it that way—must be divorced from deficit reduction, as many Democrats do, is to ignore the problem.

In a similar vein, it is unrealistic to maintain, as my Republican colleagues do, that raising revenues cannot be a part of the deficit and debt reduction equation. We should all be honest enough to admit a simple fact: No amount of spending cuts alone will reduce our deficits without reasonably harming Social Security and Medicare. For some to say that revenues should not be a part of the deficit reduction picture is either a sign that they are not seeing our debt situation under control or they are being disingenuous about the dangerous implications spending cuts alone would have on our hard-working constituents who rely on these important programs.

What is so agonizing about the last 6 months is that we have a bipartisan solution in front of us, one that I know— I don’t just believe but I know—would responsibly reduce our debt while also allowing the economy to grow and protect our middle class. They did an exhaustive study of what it would take to get our debt under control, and last year they delivered a report on how to reduce the debt by $4 trillion over the next decade and bend the curve back to a much more sustainable Federal budget situation. They comprehensively addressed all of the issues that must be on the table; namely, spending cuts, reasonable entitlement reform, and some new revenues. The plan has already received bipartisan support, including from Senators of both parties who were members of the commission. Rather than dismissing the work of the commission or altering these recommendations, let’s all at least agree that everything must be on the table in these ongoing debt discussions. People of us simply want to roll up our sleeves and get to work. I see some of my colleagues on the other side of the aisle. I know they share that sentiment, even if our leaderships in both parties are demanding that we be quiet. But I think we can all focus on a sensible, bipartisan plan, work together, and pass it into law before our national credit rating is downgraded and we damage our chances of winning the global economic race.

The President knows, my colleagues know, I am not a particularly dramatic person. But I have to tell you, I believe that nothing less than the fate of the U.S. economy hangs in the balance, and I am certainly willing to stay here day and night, weekends and holidays, in Washington, DC, to help put a plan in motion.

Madam President, thank you for your attention.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. COONS. Madam President, I rise to follow the comments of my colleague from Colorado, and I appreciate the forbearance of my colleagues from Florida and New Hampshire.

I simply want to follow on the comments of the Senator from Colorado as one who has focused on the sense of urgency, the sense of frustration and of deep concerns we all feel in the Senate of the United States.

On the Fourth of July, as I went up and down the State of Delaware to different parades and picnics and gatherings, I had the opportunity to meet with and talk to thousands of Delawareans. Over and over, I would go up to men who were wearing hats that showed they served, whether in the Korean war, the Vietnam war, the Second World War, and I thanked them for their service. Repeatedly, I would hear the same thing back: We have done our job. We hope you will do yours.

When I was elected in 2010 to serve in the Senate, I heard the same message from the folks across Delaware that I just heard Senator Udall reflect from the people of Colorado: Help the private sector create good jobs, deal with the deficit and debt, and do it in a bipartisan and responsible way.

I am gravely concerned we are on the verge of the most predictable financial crisis in modern American history as we slowly grind toward the predicted default on America’s mortgage on August 2.
Treasury Secretary Tim Geithner has warned us since the beginning of this year with a letter he sent to us on January 6, with repeated testimony in front of various committees of the Senate. We have gone well past the May 16 deadline, and the Department of the Treasury is now using extraordinary measures to prevent us from defaulting on America’s commitments.

I have heard other analogies used, but they are mistaken. This is not about the credit rating, or ending the blank check for our current President. This is about whether we will continue to meet the commitments America has already made, whether we will continue to make the payments that were already committed to for our troops in the field, for contractors who are providing military supplies and equipment, for our Federal workforce, and for all the different programs and benefits the Senator who spoke before me mentioned: Medicare, Medicaid, Social Security, and others.

We cannot afford the consequences of default. One study says we would lose 640,000 jobs—more than a half a million additional Americans needlessly thrown out of work because of a foolish game of chicken.

The cost to home borrowers, to business, to our markets, to put some confidence back in the American economy, to make certain the international community continues to regard us as the stable and best investment in the world. The way to do that is to come together in a bipartisan way around a big deal, around $4 trillion in savings, at least.

The Senator from Colorado went into some detail as to the bipartisan Debt and Deficit Commission, chaired by Erskine Bowles and Alan Simpson, the Democratic former Chief of Staff and the Republican former Senator from Wyoming, with the 11 members of that commission, including Members of this body, currently serving Senators, Republican and Democrat, who came together around a plan that would make $4 trillion in savings over the next decade.

I think we should do no less than that. I think the plan we should be working on in detail now should include all four major areas where we have to have savings: reductions in discretionary domestic spending, reform to our entitlement programs, reductions in Pentagon spending, and increases in Federal revenue through tax reform. All four of these have to be on the table. In my view, our values ask no less than that.

As we work through a recovery, we need to continue to invest in education, in infrastructure, in innovation. But we also need to responsibly put together a bipartisan path that will take on the sacred cows of this institution and of America’s Tax Code.

Three weeks ago, we had more than 70 Senators cast votes to end the $6 billion in unnecessary ethanol subsidies. I hope that was an opening door toward a recognition that on both sides of the aisle and in both Chambers of this Congress we need to be willing to make the tough votes even though they will upset some of our constituencies, even though they will end up causing us potential political harm, to reduce reckless Federal spending, whether through the Tax Code or through unsustainable Federal programs.

In the end, I simply wanted to come to the floor today and add my voice to that of many of my colleagues on both sides of the aisle who are expressing our grave concern. As the clock ticks away and as we approach August 2, we need to come together.

What Americans have done for generations is sacrificed. What legislators need to do now is compromise. There are in-doubt, viable, big-bipartisan proposals that have been available to us since March and that this body and our leadership need to be willing to make responsible compromises to make happen.

With that, I yield the floor.

The PRESIDING OFFICER. Mr. Whitehouse. The Senator from New Hampshire.

Ms. AYOTTE. Mr. President, I ask unanimous consent that I be permitted to enter into a colloquy with my Republican colleague Senator Rubio for up to 20 minutes.

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

Ms. AYOTTE. Mr. President, it is an honor to be here with my esteemed colleague from Florida, Senator Marco Rubio. My husband Joe and I are blessed to be the parents of two wonderful children, who have 6 years old, and our son Jacob, who is 3 years old.

This Fourth of July we walked together as a family in the parade in Wolfeboro, NH. As I watched my children in the parade hand out candy to other New Hampshire children while they were standing with their parents, it reminded me again of why I am here and how concerned I am about the future of our country for Kate and Jacob and for all of our children.

As parents, we all want to provide our children with a brighter and at least the same if not greater opportunities we have all had in the greatest country on Earth. That is the American dream that a young woman like me from a middle-class family can have the opportunity to serve in this Chamber; that someone like Senator Rubio, the son of Cuban immigrants, could serve as a Senator from Florida, a leader of our great country who has come here to address our challenges.

I am fearful that we are the first generation that will not pass on the American dream to the next generation. With the accumulation of $14 trillion in debt, we are borrowing 40 cents on the dollar to fund our government. Half of our debt we have borrowed from other countries, including the country of China, a country that does not share our values. And yet the amount of debt we have accumulated, that if we do not address this debt crisis right here and now, we are ensuring our children will have less opportunities than we have all had.

I have seen what is happening in Greece. If we do not address our debt, with real, substantive legislative proposals, ideas we have already proposed in this Chamber, Members of both side of the aisle—the balanced budget amendment, spending cap legislation, how about a real budget resolution that reduces spending and puts forth a responsible fiscal plan for this country—we will be setting up our children to pay for our failure to act today with reckless economic policies that the value of our dollar will be diminished and everything they own will be worth less and everything that we own, and it will diminish their economic opportunities in this great country.

This Fourth of July I am the father of four young children. What is it the Senator is most concerned about with respect to the future of our great country?

Mr. RUBIO. Well, first I want to thank the Senator from New Hampshire for allowing me the opportunity to do this together because it is important. She brings a tremendous amount of credibility to this discussion. She is not just a mother and a Senator, but she is also a small business owner who has run a small business, been there on the front lines with her husband running a small business, who recently got off the campaign trail, as I did, and heard from job creators all across the State as to what they are talking about and we are trying to get back to that in a moment.

But as the Senator rightfully outlined, I am the father of four young children, four children whom I think deserve to inherit a country that is as great as the one my parents and their generation left us, and that is what we are debating here at the end of the day.

If you look at the numbers, they are absolutely startling. I think these numbers have been said before, but you cannot say them enough—a $3 trillion of debt. Trillion is not a number or a figure I have ever used in my life until I got to Washington. I do not know where else in the world that applies other than in the Congress, the term trillion—$14.3 trillion is our debt.

Our kids already owe $46,000. My oldest is only 11 and already owes $46,000. Our total debt is about to reach the size of our entire economy. That is kind of the framework in which we are operating right now when we discuss this.

I actually think we are closer to some sort of an agreement than a lot of people realize. I have heard the term
thrown around in the last couple of days, “a balanced approach” to dealing with it. And I think there is agreement that there has to be a balanced approach. I certainly have always said you cannot simply cut your way out of this mess. I want to focus on the people part of it, because that is the part the President and some of my colleagues here have focused on over the last days, this idea of getting more revenue, or this new term “revenue enhancers” which is Washington talk for more money to the government.

According to the President, for some in his party—most in his party, I should say—the idea is simple. They think the Senate that there is a lot of money, more money than maybe they should be making, and they need to pay more in taxes; if these people pay more in taxes, then all of these problems will get a lot easier to deal with. That is kind of the viewpoint they bring to this debate.

I know tomorrow we will be voting here on the floor on something the majority leader has offered, something called the Senate, which people watching at home are probably wondering what that is about. Well, that basically means what is on the Senate’s mind.

The sense of the Senate we are going to be voting on tomorrow is basically that you have a bunch of people in this country who make over $1 million, and that these people need to do more to help with the debt. That is basically the sense that there is going to be a vote on tomorrow. It is very interesting. So I looked at it, because ultimately this is a serious issue. So let’s explore this with an open mind. Let’s not be doctrinaire. Let’s not be ideological. Let’s look at this from a commonsense perspective, that idea that if all of these millionaires and billionaires paid more taxes, these problems will be solved. Let’s analyze it, because this is all about math.

Here is the fact. The fact is it does not solve the problem. First of all, if you taxed these people at 100 percent—basically next year you said: Look, every penny you make next year the government is going to take from you—it still does not solve the debt.

Not only does that not solve the debt problem, but I looked at a host of problems will get a lot easier to deal with. That is kind of the viewpoint they bring to this debate.

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Not only does that not solve the debt problem, but I looked at a host of other—there are some great publications today talking about Joint Economic Committee. Our colleague Senator DEMINT is the chairman. It kind of outlines some of the tax increases being proposed by our colleagues in the Democratic Party and the President to solve the debt problem.

You add them all up, you add all of these things up—the jet airplanes, the oil companies, all the other things they have talked about. You put them all together in one big batch, and you know what it does? It basically deals with 9 days and 23 hours worth of deficit spending—9 days and 23 hours—it does not even get to 10 days of deficit spending. That is what it solves. So all of this talk about going after people who make all of this money, it buys you 9 days and 23 hours. Let’s round it off. Let’s give them the benefit of the doubt. It buys them 10 days of deficit spending reduction. That is what all of this rounds up to.

Here is the bottom line. These tax increases are talking about, these so-called revenue enhancers, do not solve the problem. So what do we do then? Because clearly we have to do two things. One, we have to hold the line on spending. If you keep digging yourself in the hole, the hole is going to bury you. But the other thing is, how do you start generating revenue for government so it can start paying down this debt. That is what the debate should be about.

We already know these taxes they are talking do not work. So here is what works. Here is what I would suggest—approach. Using the President’s terminology. Let’s stop talking about new taxes and start talking about creating new taxpayers, which basically means jobs.

Here in Washington, this debt is the No. 1 issue on people’s minds, and rightfully so. It is a major issue. But everywhere else in the real world, the No. 1 issue on people’s minds is jobs. And I will tell you every other problem facing America—the mortgage crisis, home foreclosure crisis, this debt problem—all of these issues get easier to deal with as people are gainfully employed across America. And I will tell you one more problem that is devastating. We hear about unemployment in facts and figures. They give us numbers: Oh, X percent people are unemployed. Well, there are stories behind every one of those people.

Do you know who a lot of these people are who are unemployed in America? They are people who have done everything they have been asked to do and they have done it right. Maybe they served their country overseas. Maybe they went to college and got a degree and went back home. Maybe they worked for 10 or 20 years and did a good job at work. And now you know what, they cannot find a job, or maybe they were lucky enough to find a job after losing their original job, but it pays them half as much and they work twice as long. That is the real face of unemployment in America, of people who are hurting.

Our job here is to do everything we can to make it easier for them to find a job, not harder. I think that is what the President had in mind. To get to a balanced approach and when we talk about revenue, we do not need new taxes. We need new taxpayers, people who are gainfully employed making money and paying into the tax system. Then we need a government that has the discipline to take that additional revenue and use it to pay down the debt and never grow it again. That is what we should be focused on. That is what we are not focused on.

So you look at all of those taxes that are being proposed. Here is what I say: I say we should analyze every single one of them through the lens of job creation. As I campaigned up and down our country, I said No. 1 issue on people’s minds is jobs. I want to know which one of these taxes they are proposing will create jobs. I want to know how many jobs are going to be created by the plane tax. How many jobs are going to be created by the oil company tax. I want to know how much about? How many jobs are created by going after the millionaires and billionaires that the President talked about? I want to know how many jobs do they create.

Because I will tell you—and I am going to turn it over to Senator AYOTTE in a second, because I am interested in her perspective of this as a job creator, as a spouse of a job creator who runs a small business, as someone who lives who just came off the campaign trail.

Let me tell you something. I traveled the State of Florida for 2 years campaigning. I have never met a job creator who told me they were waiting for the next tax increase before they started growing their business. I never met a single job creator who has ever said to me: I cannot wait until government raises taxes again so I can go out and create a job. I am curious to know if they say that in New Hampshire, because they do not say that in Florida.

So my view on all this is, I want to know how many jobs these tax increases the President proposes will create, because if they are not creating jobs and they are not creating new taxpayers, they are not solving the problem.

I do not know what the Senator’s perspective is on that.

Ms. AYOTTE. Mr. President, I could not agree more with what my colleague from Florida has said, that we need to create a positive climate to create jobs. But one thing we do know is that does not happen by more spending in Washington. The recent report that came out about the President’s stimulus package has shown that it cost $278,000 per job created by that stimulus package. Yet you know so much money, nearly $1 trillion to create a limited number of jobs that cost us $278,000 a job.

I do come from a small business family. My husband started a landscaping company and I worked with him to start that business. New Hampshire is a small business State. As I campaigned up and down our State, I talked to so many small business owners. I never had a small business owner tell me they were being taxed too little, please tax me more.

What I did hear was too many burdensome regulations from Washington
were coming down and making it difficult for our small businesses to thrive and grow. Frankly, some of the taxes coming down from Washington were making it difficult. In the health care bill, there was a tax on medical device companies. New Hampshire has nearly 50 of those. And again, what we have heard from those companies—and I have heard that even more recently—is the tax in that health care bill on medical device companies is going to take away significant amounts of their research and development budget. Companies need money to innovate new products that will improve the quality of our health care and save lives.

So with the actions we are taking in Washington, we need to create a positive climate for our small businesses, not thinking that we create the jobs here in Washington. We know that it is those small businesses and the hard-working entrepreneurs and those who have a great idea in this country in the private sector who create those jobs. They do not need more taxes and burdens from Washington. What we need to do is frankly get out of their way and allow them to thrive and grow and to create jobs for all of our children going forward. I do not know if the Senator heard from businesses in Florida about the regulatory concerns and burdens from Washington hurting economic growth in the private sector.

Mr. RUBIO. Well, the truth is that throughout the campaign and even now, that is what I hear all of the time from people, that these regulations are making it harder, not easier, for them to create jobs. That, combined with the uncertainty of the Tax Code—they do not know what the taxes are going to be next year. But they read the newspaper, they listen to the news, and every time they hear talk about this tax increase stuff, it scares job creators. This decision: Oh, wait. You know what, maybe this is not the year to hire people, because we still do not know how much it is going to cost to hire people.

The other great phrase here—both Senator AYOTTE and I have only been here a few months so I think we are still learning the language of Washington; I hope it never becomes part of my permanent vocabulary, but one of the things I have been hearing recently is this notion of everything should be on the table, which is funny because everything is not on the table according to the President and others.

For example, there is no serious discussion of a spending cap. I would love to have a vote on the balanced budget amendment? Why is that not on the table? Why is a balanced budget amendment not on the table? Why are we not voting on that tomorrow? Because a balanced budget amendment, typically says you cannot spend money you did not have, which makes all of the sense in the world for the rest of the people who live in the real world. But, apparently, that doesn't apply here, and the results are these problems we face. I think something should be off the table. Bad ideas should be off the table. If something is a bad idea, it should not be on the table. It is a bad idea to pass things that will make it harder to hire people; so, perhaps, do you want unemployment to be?

Here is what I think we have to ask ourselves: These tax increases Senator AYOTTE pointed out, along with the regulations that kill job creation in America. Enough money to do anything significant about the debt. They don't create jobs; in fact, they kill them. How could the tax increases they are outlining be part of the solution? Why is it being offered? These are smart people. They know the math. The answer lies in the politics of this, which is clear.

This appears to be an effort to save face. Everybody here knows there will have to be spending reductions at some level. Those are the facts. The problem. It is the reason we are in this mess today. It is not because we don't pay enough taxes. We spend more money—a lot more money—than we have.

It appears to me the President and others in his party are positioning and looking for some pound of flesh in return for these cuts so they can go to their political base and say: We got something out of this. We went after the people who made all this money for the greedy billionaires and millionaires and the oil companies—even though it has nothing to do with the debt.

That is the only explanation for why this is even on the table. I think anything that kills jobs should be off the table. I think anything that hurts the ability of the job creators to grow their business should be off the table. I think anything that helps increase the unemployment rate should be off the table. I think anything that should be off the table—anything that hurts our ability to grow our economy.

Things that force this government, once and for all, to put itself back on track in and the expenditures going out. There is no question that we are at a point where we have to take substantial and painful steps to get our Nation's fiscal house in order. That is why we are rightfully working to tighten our Nation's belt at a time when American families are doing the same.

I am here to talk about one major difference in the way Republicans have proposed to go about addressing our budget and the way American families, who understand shared sacrifice and equal burden, have done it. I will point out one glaring omission in the Republican's plan amid all their tough talk about fiscal responsibility.

I am here to ask Republicans why they are asking everyone to sacrifice except those who can afford it the most.

I am here to ask them why they are willing to risk not only defaulting on our Nation's debt but also the health care and benefits our veterans rely on,
pay for our troops, Social Security benefits, and the Medicare system our seniors are counting on—all to defend tax breaks for oil and gas companies, sweetheart deals for corporations, and the most generous tax rates wealthy Americans have ever enjoyed since World War II. These tax breaks were all unpaid for, all handed out to those who could most afford to pay, and they were all put on the Nation’s credit card.

Now that that credit card bill has come due, guess who will not be asked to pay their fair share? Unfortunately, under the Republican plan, it is the wealthy companies and individuals who have benefited the most from their spending. It is corporations such as ExxonMobil that despite reporting a profit of over $10 billion in the first quarter of this year—at the same time, by the way, that gas prices for families across this country are rising—they are being protected from a rollback of corporate tax loopholes and tying that refusal to the Nation’s debt limit. It doesn’t have to be this way. We can have a plan that works for middle-class families and invests in our Nation’s future, a plan that balances the sacrifices; all of the tax breaks, none of the pain.

Unfortunately, that is the same economic theory that Republicans are bringing to the budget negotiations. For those who can’t afford it, their budget provides all the perks, none of the sacrifices; all of the tax breaks, none of the benefits, none of the pain. It doesn’t have to be this way. We should be working together toward solutions hit and customers stopped coming and the administration was forced to make desperate spending decisions in August. The scenarios were worse than grim. Potentially at risk are the benefits and health care we owe our veterans, loans for struggling small businesses, food stamps for people who are struggling to buy groceries, Social Security checks for our seniors, unemployment benefits for millions of workers who are desperately seeking even Active-Duty pay for our military. Yet by rejecting revenues in this deal, and by not asking everybody to sacrifice, and by dealing in ultimatums rather than compromise, Republicans are willing to put all these Americans at risk; and they are willing to risk it all in order to go to the mat to protect millions of dollars in tax breaks for the wealthiest few.

They are willing to do anything to defend offshore tax breaks for multinational companies. They are willing to jeopardize troop pay in order to stand up for hedge fund managers. They are willing to gamble default on tax breaks for horse tracks.

I believe that is a bet we all lose.

Mr. President, we were elected to work for all Americans, not just the privileged few at the top. It is time for our Republican colleagues to come to the table with flexibility. It is time for compromise. It is time for common sense. And it is time to ask everyone to sacrifice to meet a challenge we all face together.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I have heard a lot of talk on the Senate floor, including from the last speaker, and certainly from the President of the United States about shared sacrifice. The White House spin is that the Democrats in the negotiations about extending the debt ceiling have conceded hundreds of billions of dollars in savings and Republicans have conceded nothing at all. Therefore Republicans need to be willing to raise taxes. That is the mantra. That is the spin. But there are two things wrong with this spin: First, it is wrong as a matter
of fact, as I will point out, and second, it would result in very bad policy. As Senator Rubio said a moment ago, the only thing that should be off the table is bad policy, and certainly anything that would hurt our economy and job creation is bad policy.

First with regard to the assertion from some in the White House that Democrats have made all the concessions and so it is the Republicans' turn—the last speaker, as a matter of fact, said, and I will quote him directly. "Everybody pays except the rich." Well, I would like to point out why that is absolutely not the case.

The negotiations Vice President Biden has presided over have talked about two different kinds of savings: on the discretionary side, which is the budget we deal with every year, and on the mandatory side, which is spending programs such as Medicare, Medicaid, some of TRICARE, some veterans' benefits, Social Security, and things of that sort.

If the savings the White House has attempted to portray as all coming from Democratic concessions refers to the discretionary part of this pie, then I would simply say that is a false statement. We haven't discussed anything. What we have talked about is setting a top-line budget number—a so-called 302(a) number in budget parlance—and that is what the Members of the House and Senate would then have to spend. But there has been no discussion of where those savings come from, so it simply would be wrong to say there has been any kind of negotiation about where those savings come from and the Democrats have made all of the concessions. There have been no concessions made by either side, as a matter of fact.

If it is the mandatory side we are talking about, it is true we have had a lot of discussion about savings that can result from changes in the way we operate some of these mandatory programs. Now, we are not talking about any major reform of Medicare or anything of that sort, but if I can just sort of characterize something in a very loose way as waste, fraud, and abuse, there are a lot of savings that can occur in various programs, and there are even some revenue increases that can result from increased fees and that sort of thing that do result in some additional savings overall on the mandatory side.

In terms of the revenue increases, I would point out that between $153 billion and over $200 billion of the money on that side of the ledger actually comes from increased revenues. So when the White House says: Well, revenues have to be on the table, the fact is that revenues have been on the table. We have been talking about increased revenues. We are not talking about increasing taxes. But if the government sells something using money from it, that is revenue. If there is a user fee of some kind and we want to raise that to keep up with the times, that is revenue. And if you add up all of the revenues we have agreed to, we Republicans have agreed to between $150 billion and $200 billion. So it is simply false to suggest that we haven't been willing to talk about revenues and that all of the concessions have been on the Democratic side.

We have also had some spending reductions or less rate in the growth of spending in some of these mandatory programs on the table for discussion, and in each of my calculation, are concessions Republicans have made, and about 40 percent are concessions Democrats have made. My Democratic counterparts would probably argue it is somewhat different, from their point of view, but the fact is both sides have made concessions. And even if you concede they are 50–50, the fact is, therefore, Republicans have made as many concessions in these negotiations as have our Democratic colleagues.

By the way, we have both been willing to make concessions is an agreement we are in a dire circumstance here, and we sometimes have to get out of what we call our comfort zone and agree to what in ordinary times we wouldn't. But if you realize now we have to make some changes. So we are willing to make concessions that ordinarily we wouldn't, and we have, and so have the Democrats. The net result, as I said, I think it is 60–40, which one no one on this side would have conceded. But if somebody on the other side said: No, it is 50–50, or something on that order, I wouldn't argue. But the fact is, it is false and misleading for the White House to suggest that all of the concessions have been made by the Democrats and none have been made by Republicans. That is simply factually incorrect.

The second thing that is wrong with this spin is that, as Senator Rubio said, bad politics, and it is a bad idea to raise taxes on an economy that is already sick. I mean, the last thing we should be doing is raising taxes, as a result of which job creation would be inhibited. It is the worst medicine for a sick economy.

I asked one of my Democratic colleagues why, since we shouldn't be raising taxes at this point in time, there was such an insistence on his side. His response was: Well, you have a number of people who don't understand the theological. Well, maybe it is theological, but I would argue that ideology here has a place to the extent that it is backed up by reality, but ideology that is not backed up by reality has no place in these negotiations. And raising taxes just for the sake of raising taxes, so that somebody can say to their constituency: Well, we did it, we were able to raise taxes, is not a sound way to approach the problem.

Thomas Sowell, one of the most erudite observers of the American scene, wrote, in National Review Online on July 5, a piece he titled "Politics vs. Reality." It goes to this point.

Mr. President, I ask unanimous consent to have printed in the Record this article at the conclusion of my remarks.

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

Mr. KYL. The whole point here about raising taxes is this should not be about shared sacrifice. It shouldn't be about sacrifice at all. We are not talking about austerity. We are speaking about prosperity—in other words, the conditions by which everyone can do well, and specifically, how we can create jobs, how we can put Americans back to work, and how our economy can grow.

As I said, the worst medicine for a sick economy is raising taxes, and that is why Republicans oppose tax hikes and not because, for example, I have a stake in the Hollywood movie millionaire. I don't. The person is probably not in my political party. What I have an interest in is protecting America's small businesses so they don't go broke. If they do not have to close up shop because higher taxes were imposed on them. That is exactly what the President's own Small Business Administration Office of Advocacy said would happen with one of the taxes they propose to raise: that is, repealing LIFO, which is an accounting term meaning last in, first out. The SBA Office of Advocacy said repealing LIFO "would result in a tax increase for small businesses that could ultimately force many small businesses to close." That is from the President's own Office of Advocacy for the SBA. That is what I oppose—putting small businesses out of business just because of some theological attachment to raising taxes.

Accountants have talked for a long time about what the best method of accounting is. The IRS has always said LIFO is perfectly acceptable, and about 30 percent of American businesses—primarily retailers and manufacturers—who use this accounting technique. It would be fine if we decide to say: Well, we are going to go to a different technique. What would be wrong is to retroactively impose a tax on people who have been using this accounting method as though they have been doing something wrong. They haven't. The IRS has always said LIFO is fine. But it is all about revenue. We need more money to spend, so we are going to retroactively tax 30 percent of American businesses that use this accounting method. That is wrong, and that is why the Small Business Administration Office of Advocacy has said this could put many small businesses out of business. It is why we shouldn't be considering it.

What are the other taxes they propose? Well, one of them is to cap itemized deductions, so you would only be able to deduct either 28 percent or maybe up to 35 percent, which is obviously the first effect of this is to make it much more difficult for Americans to contribute to charity, to buy
homes because they wouldn't have the advantage of the mortgage interest deduction, or to pay medical expenses, and so on. As the Wall Street Journal has editorialized, this is just a backdoor way of raising marginal tax rates without actually appearing to do so.

But the biggest problem with this capping of deductions is not that it is going to hurt the millionaires. They are either going to be caught by the AMT or their income is so high they are already paying marginal tax rates notwithstanding these limits on deductions. The real people this hurts are the small business owners who pay in the higher bracket. We know that 50 percent of small business income falls in the top two brackets. Businesses have deductions that are the ordinary and necessary part of doing business. All businesses are allowed to take them, both corporate and noncorporate. Why would we eliminate the ability of small businesses to take the same kind of deductions corporations can take by capping the amount of deductions that could be taken in income reported in the top two brackets?

The final point about this is we know that efforts to tax millionaires and billionaires and up tax rates get more people than that. According to the IRS, in 2008 there were only about 319,000 tax returns that showed an income of $1 million or more, but the number of returns falling in the top two brackets—the ones affected by this proposal of the Democrats—numbered more than 3.6 million people. These would be the people who are affected by this proposed increase in taxes.

I would just parenthetically note two others. The last millionaire tax was the alternative minimum tax. It was created in 1969 and targeted against 155 millionaires. Guess how many people it will apply to this year. It will apply to 34.4 million Americans. So when you aim at millionaires, you end up getting everybody else.

The third tax the Democrats talk about raising is the old favorite: Big Oil. This is so targeted, it only hits five or six companies in the whole world, five American companies. Never mind that the IRS pays for hardly a fraction of the $2 trillion debt we have. Nonetheless, we are going to have to pay 100 percent of what he earns in income taxes. We know there are two rates at which you generate exactly zero revenue: zero and 100.

So when we talk about shared sacrifice, let's put this into perspective and let's realize we are not talking about sacrifice in the sense of trying to hurt people or austerity so much as we are talking about prosperity. And you don't create more prosperity with job-killing taxes.

I want to add one other thing for the record here. There are two publications that note areas in which we could save hundreds of billions of dollars if we were willing to discuss them. When we talk about things off the table or on the table, here are two things our Democratic friends have said are not on the table: We will not talk about shared sacrifice in the sense of trying to hurt people or austerity so much as we are talking about prosperity. And you don't create more prosperity with job-killing taxes.
piece by Michael Cannon in the National Review On Line dated July 4, and the piece by Paul Davidson from USA Today dated July 5 at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. BENNET). Without objection, it is so ordered.

(See exhibit 2.)

Mr. KYL. I appreciate my colleagues’ indulgence here.

Mr. President, the bottom line is that when we talk about shared sacrifice, we need to appreciate that in the negotiations that have been occurring Republicans have made a lot of concessions, and that the reason we oppose the concession of raising taxes is not because we have some ideological attachment to somebody who makes a lot of money but, rather, because we have an ideological attachment to the American worker who needs a job or who needs his or her job protected. From what we understand, the taxes that are passed by our Democratic colleagues would all be job killers. At the time our economy is in the unhealthy state it is, the worst medicine is job-killing taxes.

Mr. WHITEHOUSE. Would the Senator yield for a question?

Mr. KYL. Mr. President, I would be happy to yield. I am also happy to conclude. I think we are rotating between Democrat and Republican.

Mr. WHITEHOUSE. I don’t want to step on colleagues’ time.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. One of the things I have been tracking is the share of wealth, income, and taxes at various percentages toward the top. The Senator was good enough to mention that the top 1 percent pays about 28 percent of the taxes, the top 5 percent pays a little over 44 percent of the taxes, and the top 10 percent pays 55.4 percent of the taxes.

But I think in order to get a complete picture, it is also important to note that the top 1 percent controls 24 percent of the income, the top 5 percent controls 39 percent of the income, and the top 10 percent controls 50 percent of the income. If you go to wealth, the top 1 percent controls 33.8 percent of the wealth, the top 5 percent controls 60.4 percent of the wealth, and the top 10 percent controls 71.5 percent of the Nation’s wealth.

So if you are in the top 10 percent and you control 71.5 percent of the Nation’s wealth, it doesn’t seem to be unreasonable that you should be paying 55 percent of the Nation’s taxes, particularly if you are taxing based on dollars and not on just number of people.

I don’t know if those numbers are wrong. We got them from the Federal Reserve Board, from the IRS, and from the Congressional Budget Office. I think they are accurate. It would appear to show that at the very high end, although these individuals are paying considerable taxes toward our Nation’s economy, they are paying considerably less than the amount of wealth they control and not much more than the amount of income they control. In a graduated system of progressive taxation, which we are supposed to have, that is not surprising. In fact, what is surprising is that the top 1 percent pays 28.3 percent of the income only pays 28.3 of the taxes. Mr. KYL. Mr. President, I am not sure where the question is in there. But what I would say in response is, with all due respect, his numbers are absolutely wrong. I don’t have at my fingertips the precise figures, but I can tell you this—by the way, I don’t also know what you mean by “in charge of wealth.” In terms of who owns wealth or income, the people in the upper brackets pay far more in taxes than the percentage of wealth as a percent of the economy, and I would be happy to supply those figures to my colleague. And there is a difference between income taxes and all other taxes as well, and that chart doesn’t suggest which is which.

I would be happy, though, to demonstrate to my colleague that whether you are talking about income taxes or all taxes, the upper income level pays far more than those in the lower portion, and in taxes they pay more than the percentage of wealth that they create or that they earn.

The bottom line is that I think anybody making the argument that there is not shared contribution to the revenues of the country by the upper income would be making a false argument. I know that is not the argument my colleague is making, because he agrees with the progressive income tax system and has pointed out that it is progressive even by the numbers you have.

But let’s do this, because I respect my colleague. I will get the numbers I rely upon and the sources of each, and you and I can agree to come to the floor at an appropriate time convenient to us both, and then we can both have the data at our fingertips from which we can make our respective arguments.

Mr. WHITEHOUSE. I would be delighted to do that. And I might actually throw in the data from the IRS that shows that the top 400 income earners in the country in the most recent period that they have actually gone back and done the calculation paid 18.2 percent total taxes, which is less than I think the average American, certainly the average middle-class American family pays. So there is this reversal at the high end where people actually end up paying less.

Indeed, in one building in New York, the payment for the most recent year was 14.7 percent from the occupants, whereas janitors and doormen and security guards paid 25 percent in the 20–percent ranges. It is not progressive in that sense. It is regressive at the high ends, according to those things. So let’s get the information together, and we will have that discussion.

Mr. KYL. Sure. And on that last point, it makes a larger point. When Congress tries to get the millionaires and the billionaires, those are the very people who can adjust their way of living and not all the other people who end up paying less in taxes. That is why it doesn’t much matter what the rate of taxes is at the upper income. They are never going to pay more than a certain percentage, because they can afford to pay it and the accountants to make sure that they don’t pay more. It is the people in the middle income who can’t do that, and they end up paying up what the IRS says they owe, and they can’t adjust their way of living and giving in order to pay less in the way of taxes. Whatever deductions they get, they get, and they are going to have to live with those.

When we try to hit the upper income with higher rates, it generally doesn’t work. That is another reason why we think it is an ineffective way.

Mr. WHITEHOUSE. That is why I think the loopholes need to be closed, and I thank the distinguished Senator for the colloquy.

EXHIBIT 1

[From the National Review Online, July 5, 2011]

POLITICS VS. REALITY
(By Thomas Sowell)

It is hard to understand politics if you are hung up on reality. Politicians leave reality to others. What matters in politics is what you can get the voters to believe, whether it bears any resemblance to reality or not.

Not only among politicians, but also among much of the media, and even among some of the public, the quest is not for truth about reality but for talking points that fit a vision or advance an agenda. Some seem to see it as a personal contest about who is best at fencing with words.

The current controversy over whether to deal with our massive national debt by cutting government spending, or who should raise tax rates on “the rich,” is a classic example of talking points versus reality.

Most of those who favor simply raising tax rates on “the rich”—or who say that we cannot afford to allow the Bush “tax cuts for the rich” to continue—show not the slightest interest in the history of what has actually happened when tax rates were raised to high levels on “the rich,” as compared with what has actually happened when there have been “tax cuts for the rich.”

As for such people are concerned, those questions have already been settled by their talking points. Why confuse the issue by digging into empirical evidence about what has actually happened when one policy or the other was followed?

The political battles about whether to have high tax rates on people in high income brackets or to instead have “tax cuts for the rich” have been fought out in at least four different administrations in the 20th century—under Presidents Calvin Coolidge, John F. Kennedy, Ronald Reagan, and George W. Bush.

The empirical facts are there, but they mean nothing if people don’t look at them, instead rely on talking points.

The first time this political battle was fought, during the Coolidge administration,
the tax-cutters won. The data show that “the rich” supplied less tax revenue to the government when the top income tax rate was 75 percent in 1925 than they supplied after the tax rate was reduced to 24 percent in 1925.

Because high tax rates can easily be avoided, both then and now, “the rich” were much less affected by high tax rates than was the economy and the people who were looking for jobs. After the Coolidge tax cuts, the increased economic activity led to unemployment rates that ranged from a high of 4.2 percent to a low of 1.8 percent.

But that is only a fact about reality—and, for many, reality lacks the appeal of talking points.

The same preference for talking points, and the same lack of interest in digging into the facts about realities, prevails today in discussions of whether to have a government-controlled medical system.

Since there are various countries, such as Canada and Britain, that have the kind of government-controlled medical systems that some Americans advocate, you might think that there would be great interest in the quality of medical care in these countries. The data are readily available as to how often their governments allow patients to receive the latest pharmaceuticals, as compared with how often Americans use such advanced medications.

But supporters of government medical care show virtually no interest in such realities. Their argument is that the life expectancy in the United States is not as long as in those other countries. End of discussion, as far as they are concerned.

They have lost in the reality that medical care has much less effect on death rates from homicide, obesity, and narcotics addiction than it has on death rates from cancer or other conditions that doctors can do something about. Americans survive various cancers better than people anywhere else. Americans also get to see doctors much sooner than a government in general.

Talking points trump reality in political discussions of many other issues, from gun control to rent control. Reality simply does not have the pizzazz of clever talking points.

Consider some of the fraud schemes discovered in recent years. In Brooklyn, a dentist billed taxpayers for nearly 1,000 procedures in a single day. A Houston doctor with a criminal record took her Medicare billings from zero to $11.6 million in one year; federal agents shut down her clinic but did not arrest her. Pharmacia & Upjohn, which Alarm scooped to become a $20 billion drop-out, armed with only a laptop computer, submitted more than 140,000 bogus Medicare claims, totaling $105 million. A health plan that paid $75,000 cash to doctors for Medicare patients appeared to be a high risk for fraud. Medicare and Medicaid, the two great pillars of President Lyndon B. Johnson’s “Great Society” agenda, are fundamentally based on attempts to fraud the elderly and disabled. Medicare and Medicaid fraud are: It’s brazen, it’s ubiquitous, and it’s other people’s money, so nobody cares.

A study of the fraud schemes discovered in recent years. In Brooklyn, a dentist billed taxpayers for nearly 1,000 procedures in a single day. A Houston doctor with a criminal record took her Medicare billings from zero to $11.6 million in one year; federal agents shut down her clinic but did not arrest her. Pharmacia & Upjohn, which Alarm scooped to become a $20 billion drop-out, armed with only a laptop computer, submitted more than 140,000 bogus Medicare claims, totaling $105 million. A health plan that paid $75,000 cash to doctors for Medicare patients appeared to be a high risk for fraud. Medicare and Medicaid, the two great pillars of President Lyndon B. Johnson’s “Great Society” agenda, are fundamentally based on attempts to fraud the elderly and disabled. Medicare and Medicaid fraud are: It’s brazen, it’s ubiquitous, and it’s other people’s money, so nobody cares.

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state passes a law to increase Medicaid payments to hospitals, which triggers matching money from the federal government. Yet in the very same law, the state increases taxes on businesses. In other words, the original outlay, the state has obtained new federal Medicaid funds at no cost. If the tax revenue generated by the law, the state can use federal Medicaid dollars to pay for services that would otherwise be paid by Medicare.

As Vermont began preparations for its Obamacare-sanctioned single-payer system this year, it is not unusual for states to use federal Medicaid dollars to pay for services that would otherwise be paid by Medicare.

When the federal government began poking around a Buffalo school district that billed Medicaid for speech therapy for 4,434 kids, the New York Times reported, “the Justice Department was looking only at possible complaints from Senator Charles E. Schumer, Democrat of New York, and other politicians.” Medicare officials, no doubt expressing concern to one of the many members of Congress, admit they avoid aggressive anti-fraud measures that might reduce access to treatment for seniors.

“It’s not just the doctors,” said one Medicare official. “It’s the government.”

Efforts to prevent fraud typically fail because the fraudulent payments are already out the door. False claims derive as “the system bit the bullet.” Even then, Medicare reviews fewer than 5 percent of all claims filed. Congress doesn’t integrate Medicare’s myriad data-bases, which might help prevent fraud, nor does it regularly review the efficacy of most of the anti-fraud spending it authorizes. Many of the abuses noted above, such as those involving the Brooklyn dentist, were discovered not by the government but by curious reporters poking through Medicaid records.

The patient of the anti-fraud protocols help him solve this problem. When Medicare catches those claims, as it has, it may notice that they have been rejected. From Billy’s viewpoint,” Sparrow explained, “life could not be better. Medicare helps him ‘scrub’ his lists, making his fake billing scam more robust and less detectable over time; and meanwhile Medicare pays all his other claims without blinking an eye or becoming the least bit suspicious.”

To prevent fraud typically fail because they impose costs on legitimate beneficiaries, who, as we have seen, campaign donors respectively, have immense sway over politicians. At a recent congressional hearing, the Department of Health and Human Services’ deputy inspector general, Gerald T. Roy, recommended that Congress beef up efforts to prevent illegitimate providers and suppliers from enrolling in Medicare and Medicaid. Congress took Mr. Roy’s advice, it would rescind the new requirement in a heartbeat when legitimate doctors threaten to leave. Medicare over its low payment rates—threatened to bolt because of the additional administrative costs (paperwork, site visits, etc.).

Politicians routinely subvert anti-fraud measures to protect their constituents.

When the federal government began poking around a Buffalo school district that billed Medicaid for speech therapy for 4,434 kids, the New York Times reported, “the Justice Department was looking only at possible complaints from Senator Charles E. Schumer, Democrat of New York, and other politicians.” Medicare officials, no doubt expressing concern to one of the many members of Congress, admit they avoid aggressive anti-fraud measures, albeit in the name of preventing frivolous litigation, when they oppose expanding whistle-blower lawsuits, where potentially large financial recoveries—the government win a case can get to keep some of the penalty.

Sparrow argued that when Medicare receives “obviously implausible claims,” such as from a dead doctor, “the system should bite back.” A proper fraud response would do whatever was necessary to rip open and expose the business practices that produce such fictitious claims. Relevant methods include surveillance, arrest, or dawn raids.” Also: “All other claims from the same source should immediately be put on hold.”

Some of the implausible claims will be honest mistakes, such as when a clerk mistakes a patient's name, or a patient's number or address. Medicare’s anti-fraud measures, albeit in the name of preventing frivolous litigation, when they oppose expanding whistle-blower lawsuits, where potentially large financial recoveries—the government win a case can get to keep some of the penalty. Anti-fraud efforts will always be inadequate when politicians spend other people’s money.

Sparks testified that a defect in the fraud-laden premiums themselves. Medicare and Medicaid fraud to tolerable levels, but that a program engaging in fewer (and more productive). Anti-fraud efforts will always be inadequate when politicians spend other people’s money.

The fact that Medicare and Medicaid spend their anti-fraud efforts to prevent illegitimate providers and suppliers from enrolling in Medicare and Medicaid. Congress took Mr. Roy’s advice, it would rescind the new requirement in a heartbeat when legitimate doctors threaten to leave. Medicare over its low payment rates—threatened to bolt because of the additional administrative costs (paperwork, site visits, etc.).

To see how the Ryan plan would reduce Medicare fraud, imagine that the proposal really were what its critics claim it is: a full-blown voucher program, with each enrollee receiving a chunk of cash to spend on medical care. apply toward health-insurance pre-deductible payments.

Social Security offers reason to believe that a program engaging in fewer (and more productive) transactions could dramatically reduce Medicare fraud. Of course, the Ryan plan would have a Medicare-voucher program, with Social Security adjusting the checks it sends to enrollees according to such variables as lifetime earnings and disability status. The Social Security Administration estimates that overpayments account for just 0.37 percent of Social Security spending. Overpayments are high in the Supplemental Security Income (SSI) program (6.4 percent), a much smaller, means-tested program also administered by the Social Security Administration.

In reality, the Ryan “voucher” is much closer to the current Medicare Advantage program, through which one in four Medicare enrollees selects a private health plan and pays part of their Medicare payments directly to insurers. This is not to say that anti-fraud efforts will always be inadequate when politicians spend other people’s money.

In the Empire State is such a hot spot for fraud: No state can use federal Medicaid dollars to pay for services that would otherwise be paid by Medicare.

The Ryan plan would also vastly increase the states’ incentive to curb Medicaid fraud. Just as a state that increases funding for Medicaid gets matching federal funds, a state that reduces Medicaid fraud gets to keep only (at most) half of the money saved. As much as 75 percent of recovered funds reverts back to the federal government. In a report for the left-wing Center for American Progress, former Obama adviser Marsha Simonton noted that “states are required to report to the federal government any matched payments directly to insurers. This is not to say that anti-fraud efforts will always be inadequate when politicians spend other people’s money.

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Mr. CHAMBLISS. It scared me for a minute, I thought we were almost en- 
gaging in a debate on the Senate floor. This could get interesting here. 

State and federal regulators are cracking down on waste and fraud in the unemploy- 
ment-insurance system, abuses that have hit record levels as unemployment claims surge in a weak economy. 

In the 12 months through March, the over- 
payment rate was 11.6 percent—more than $1 
for every $9 paid out. Labor Department fig- 
ures show. 

That’s up from the 12 months ending in 
June 2010, when the rate was 6.5 billion, or 19.6 
percent of the $156 billion in unemployment 
benefits disbursed to Americans, should not 
have been paid, according to the department. 
The rate was 9.6 percent in fiscal 2009 and 9.2 percent in 2008. 

Officials partly blame soaring unemployment, which forced state officials to use 
ous fraud-prevention workers to help handle an unprecedented wave of claims. 

“They were using every person they could find,” said Gay Gilbert, Labor’s unemploy- 
ment-insurance administrator. 

Lawmakers say excess payments could go to legitimate jobless claims and help keep state 
unemployment trust funds solvent. About 9.3 million Americans receive bene-
fits. 

The main reason for overpayments is that some workers are paid benefits by 
their employer, which then report the company so the worker’s eligibility can be determined. Also, 
some workers receive benefits even when they don’t comply with state job-search re-
quirements. 

How state and federal officials are trying to reduce overpayments: 

A national directory of new hires lets states quickly check workers who still receiving bene-
fits even after they get a new job. 

By the end of the year, all states must use the directory. Labor officials also plan to 
provide funds so overtaxed states can more frequently follow up and collect overpay-
ments from scofflaws. 

A new computer system makes it easier for employers to verify why workers left their 
jobs. Only a few states use it, but the Labor Department is providing funds to encourage 
wider adoption. 

New rules let states recover improperly 
paid benefits from U.S. income-tax refunds. 

The PRESIDING OFFICER. The Sen-
ator from Georgia. 

Mr. CHAMBLISS. It scared me for a minute, I thought we were almost en-
gaging in a debate on the Senate floor. This could get interesting here. 

I have great respect for both my col-
leagues who were making comments, 
and it will be an interesting discussion on the floor. We both have their respective numbers and we will look forward to that. 

I want to say to my colleague from 
Arizona that what he says is exactly 
right. Raising taxes in tough economic times is a very difficult thing to do and is 
not stimulative of the economy. The way we need to see revenues in-
crease—and I don’t think there is any 
disagreement from anybody in the Sen-
ate or in the House that the 14.5 per-
cent of GDP we are not seeing in reve-
ues is a very bad thing. But the way we need to increase it is enacting 
policies, whether they be tax policies 
or spending policies or otherwise, that 
will truly grow the economy, and we can do that with the right kind of poli-
cies that will not only in the short 
term stimulate the economy and show 
an increase in revenues, but will also 
have the same impact on the other side of the ledger, which is reducing spend-
ing. 

We are now at an all-time high since 
World War II on the spending side, we are at an all-time low on the revenue side, and that is what has gotten us into this terrible fiscal problem we have today. 

I concur with what the Senator from 
Arizona said, and I look forward to 
continuing to dialog with him as well 
as the Senator from Rhode Island 
about what needs to be done to get this 
gap closed. 

Mr. President, I rise tonight to dis-
cuss the need for the American govern-
ment to fundamentally change the way 
it conducts business. Congress and the 
President can no longer fail to make 
significant meaningful changes to our 
fiscal path. We must act now to ensure the 
safety and security of our Nation. 

There is a mutual understanding from 
all involved in the ongoing debate 
that the current fiscal path our 
country is on will not just allow, but is sim-
ply unthinkable to believe that we can 
continue to run deficits in excess of $1 trillion, on top of $14.3 trillion in accumu-
lated debt, and remain the leader of the 
global economy. It is well known that the Federal Government will soon 
risk a potentially catastrophic default on 
its credit obligations. Clearly, any 
increase in the debt ceiling must come 
with substantial policy reforms and 
commitments that future spending and 
deficits are being addressed appro-
priately. Against this backdrop, we are 
being provided with a unique oppor-
tunity to review the underlying causes 
of our current path and potential ef-
fects we face. 

Last week, the Congressional Budget 
Office released its long-term budget 
outlook. Their release shows debt in-
creasing to approximately 200 percent of 
GDP by 2035, unless drastic and im-
mediate changes are made. 

Economists have told me that a debt 
equaling 90 percent of GDP is the tipping 
point, and that after that it is im-
possible to turn the situation around. 

Under the same CBO scenario, inter-
est costs alone in 2035 would reach 9 
percent of GDP, which is more than the United States cur-
rently spends on both Social Security 
and Medicare. 

This body spends a considerable 
amount of time deliberating on mat-
ters that national security and, indeed, 
that is extremely important work. We 
must stay vigilant that any threats to this 
country are swiftly dealt with. However, ADM Mike Mullen, the Chair-
man of the Joint Chiefs, has said em-
phatically over and over again that our 
defense is our nation’s greatest threat to our 
national security. 

Admiral Mullen is not alone. The co-
chiefs of the President’s own fiscal 
commission warned him of the need for 
swift action. Mr. Bowles and Mr. Simp-
son continue to speak almost daily of 
the importance of addressing our fiscal 
situation and continue to make impas-
sioned pleas that this situation must 
be corrected and must be done so in the 
short term. 

It is during these hard times that most 
Americans look to their elected 
representatives and the Chief Execu-
tive of the United States for guidance 
on these issues. The American people 
have waited for leadership on this issue 
and have demanded fiscal discipline. It 
is reprehensible that an issue of this 
magnitude and significance is subject to 
the partisan bickering and games-
manship that often rears its head in 
politics. This is an issue that will de-
termine the fate of our country. It de-
serves careful, serious, thoughtful 
debate and deliberation and not political 
theater. 

Not long ago the Senate held a series 
of votes on budget resolutions that 
ev-
everyone knew were destined to fail. The 
American people expect and deserve an 
honest budget debate and a honest budget process. While I am glad the 
President is now engaging in this de-
bate, he, too, has not been forthcoming 
in helping to decide America’s budget 
fate. He has not given those in his 
party instructions or guidance on how 
to address our fiscal situation, nor has 
he given the Congress as a whole a re-
levant plan. It would be reprehensible 
for these White House negotiations 
that are now underway to produce a 
last-minute proposal that leaves Con-
gress no time to review the merits of the 
legislation or the immediate and 
lasting effects to the American people. 

I have been on record many times be-
fore stating everything must be on the 
table when it comes to solving our debt 
surplus, and I seriously mean that. We 
see daily the effects of oppressive 
debt on countries such as Greece and 
the fear and panic it creates for the 
citizens of that country. We must take 
the steps now to ensure we do not fall 
off the precipice, and that means look-
ing at all of our options. 

We must reduce discretionary spend-
ing, reform entitlements, simplify the 
individual and corporate code, and 
lower tax rates. This is a proven path 
.to prosperity because the solution is 
based on both spending reduction and 
economic growth. 

We have a model for this. The model is 
what Tip O’Neill and Ronald Reagan 
did in 1986. We saw an economy stimu-
lated at a time when it really needed it 
by the elimination of tax expenditures 
and the lowering of tax rates—particu-
larly on the corporate side. It is impor-
tant on both the personal and cor-
porate, but if we are truly going to ex-
pand our tax base and see revenues in-
crease, then we need to put the cor-
porations in this country that manu-
facture the finest quality of products at 
the table with the rest of the world and have 
their competitive playing field as their competitors 
across the globe.
So it is of critical importance that we reform our Tax Code, make it simpler and more fair, and, particularly from a corporate level, make it more competitive from a worldwide perspective.

We must cut Federal spending in any way we can. Our current levels of discretionary and mandatory spending simply cannot be sustained. But we cannot solve our problems simply by reducing spending. We have to reform entitlements. We have to look at those issues that are difficult to get yourself out of to deal with, and we have to make some hard and tough decisions. The unfortunate part about this is we do not have a lot of time to do it.

I do not know the window. The window may be 6 months, it may be 12 months, it may be 2 years. No economist will give an exact definite prediction of how long this window continues. But we do know we were not able to predict the financial crisis that occurred last fall. Mr. Bowles said time and time again, this is one crisis we can predict, so now is the time for policymakers in Washington to act.

It is a job creation that will ultimately be the benefit to Americans once a strong and balanced Federal budget is in place. Slower economic growth results in dramatic job loss. Christina Romer, the former Chair of the White House Council of Economic Advisers, equated 1 percentage point of GDP with 1 million jobs annually.

We cannot allow the American people to suffer by not providing the economic basis for recovery and growth. A balanced Federal budget that is free of excessive debt will lead to a healthy economy and long-term sustainable job creation activities.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, I rise today deeply concerned that our Republican colleagues, in their ideological haze, have lost sight of the facts and the real people at home whose lives will be affected by the choices we make. They are lost in an ideological haze, a political dust storm that is distorting the facts and confusing process and policy with political propaganda.

As the conservative columnist David Brooks has said, "A normal Republican Party, in the past, had the opportunity to put the country on a sound fiscal footing." He calls it "the mother of non-brainers." But it is true, as many have said, that this Republican Party is not your grandfather's Republican Party. It is not even Ronald Reagan's Republican Party. This Republican Party is so far to the right that it cannot even see the center, where ideologies converge and good governance begins. This Republican Party sees the processes governing as one-sided—their side and no other.

Today, those on the far right wave the Constitution that established a form of government to protect us from tyranny yet see any form of compromise as defeat and the only clear victory is total surrender to their position.

Here we are, working to try to ensure that reason prevails. We have offered the American people a genuine and a generational generation... asking them that those cuts be accompanied by closing tax loopholes and ending tax giveaways and unreasonable subsidies to those who need them the least. But because almost every Republican has signed Grover Norquist's taxpayer's pledge to never ever raise any tax, and because they define closing tax loopholes as a tax increase even when the recipients themselves have said they do not need those tax breaks, we are forced into this position, hoping that logical, moderate voices on the other side will rise up, demanding that we do what is right for the American people.

In my view, ending subsidies to big oil companies does not fail under that category. Only in Washington would Republicans call ending $21 billion in tax breaks for big oil companies that will make $144 billion in profits a tax increase. It is not. It is not a tax increase; it is a measure of fairness. It is exactly what we need to do under the circumstances, and it is a reasonable offer by those of us on this side of the aisle.

Our job, in a representative democracy, is to represent the values of those who sent us here to do what is right for them, not wave a pledge and conveniently interpret the elimination of oil subsidies for multimillion-dollar profitable corporations or ethanol subsidies to the tune of $2 billion as a tax increase. That is nonsense. We are offering a reasonable compromise, as that conservative columnist David Brooks says, "the mother of non-brainers."

Even USA Today said in their editorial:

"Compromise is an essential part of democracy, but negotiating with Republicans over taxes has become as futile as trying to bargain with the Taliban over whether girls should be allowed to attend school."

That is a pretty stark comparison, I admit, and I may not have gone that far. But, frankly, our Republican brethren seem to hold to their ideology almost as religiously. They see all things in black and white. They act as though they believe those who disagree with them are either heretics, or they do not pay taxes either. What they will not say is that those individuals who do not pay taxes should be allowed to attend school.

There is another falsehood. Spending is not a Democratic value, as our friends on the other side of the aisle would have us believe, but a Republican reality. It was the reckless spending of Republicans combined with a,lengthy policy, and an ideology that let Wall Street run wild, turning a free market into a free-for-all market, that brought us to where we are today.

Let's remember, it was not long ago that the budget was, in fact, balanced during another Democratic administration when we had budget surpluses as far out as the eye could see. The day President Clinton left office he handed the incoming President a $256 billion surplus with a projected surplus of $5.6 trillion over the following 10 years.

When President Bush left office he had turned a $236 billion budget surplus into a $1.3 trillion budget deficit with projected shortfalls of $8 trillion over the next decade. He handed the new President an economy that was headed off the cliff into a near depression.

We have spent $786 billion, unpaid for, on President Bush's ill-advised, wrongheaded war of choice in Iraq because of some false allegations of weapons of mass destruction, a political experiment that distracted us from a war of necessity in Afghanistan, keeping us there far longer than necessary at an additional cost of $400 billion, unpaid for because both wars, unpaid for, was $1.2 trillion.

The Republican Party that will not now agree to one penny in revenue and demands only more spending cuts has fought to make tax breaks for the wealthiest permanent by letting this Nation another $5 trillion. They have favored big business and Wall Street in a Tax Code that has resulted in major multimillion-dollar corporations paying no taxes—yes, no taxes at all.

In fact, a detailed Government Accountability Office study of corporate income taxes from 1998 to 2005 showed that 55 percent of large U.S. corporations reported no tax liability for at least 1 of those 8 years. Yet those same Republicans will look us in the eye in defense of their defenseless position and tell us that most individuals do not pay taxes either. What they will not say is that those individuals who do not pay taxes should be allowed to attend school.

That is an indefensible position be accepted as defensible and logical.

Only in Washington could Republicans support policies that benefit the wealthiest at the expense of the middle class. Only in Washington could Republicans tell a construction worker in New Jersey, who has cut his budget to the bone and needs to work another job to pay the bills, that we do not need to end tax loopholes and tax breaks to help pay the Nation's bills; that we only have to cut more spending and give more money to the top 1 percent of the wealthiest in the country who control 45 percent of all of the wealth in America and that they will create more jobs—notwithstanding the fact that 12 years of tax cuts for the wealthiest created virtually no jobs at all. When Republican former President Bill Clinton increased the revenue side of the equation, it brought the greatest economic progress in the last half century.
But our Republican colleagues do not let the facts get in the way of their ideology. The fact is, Joe the construction worker in New Jersey cut his budget and spent less on things he can afford and what he cut at still can’t meet the bills he has to pay with the money he earns, then he has to get a second job or work more hours or find a way to increase his income. Yet, our Republican colleagues will look that construction worker in the eye and tell him he doesn’t need to earn more, he needs to cut more and then cut again. Cut to the bone, if necessary, but never, never do what needs to be done to increase the revenue side. Only in Washington does such an argument seem reasonable. Only in this Republican Party does such an absurd argument try to make sense.

Never before has America wagered two wars at the same time, struggled to invest in our infrastructure to create new jobs, so at a time increased revenue—and not seen the need at least to discuss the idea of closing tax loopholes and tax breaks for Big Oil and multibillion-dollar corporations. Never before has any party claimed we can do all of that and at the same time balance the budget on the backs of seniors, students, middle-class families, and not even consider the shared sacrifice—a sacrifice that in many cases doesn’t even pay taxes. Never before has such illogical passed for logic. But our Republican colleagues will not take yes for an answer. We have said yes to spending cuts, more spending cuts than we have seen in a generation. Now they may say yes to common sense, fair increases in revenue, and choose good governance over political ideology.

David Brooks, the conservative columnist to whom I referred, said, “The members of this movement talk blantly of the failure to compel the nation’s honor,” meaning that the country will not meet its obligations. We teach our children that you have to meet your obligations, but this movement tells the country you don’t have to meet your obligations.

He goes on to say:

If debt ceiling talks fail, independent voters will see that Democrats were willing to compromise but Republicans were not. If Republicans don’t take yes for an answer, independents will conclude that Republican fanaticism caused this default. They will conclude that Republicans are not fit to govern.

I would very rarely agree with Mr. Brooks, but I would agree his observations in this case are absolutely right. This is about not only standing up for the Nation’s honor, it is about standing up for the Nation’s obligations. It is about standing up to make sure there is a responsible way to live on the backs of middle-class working families in this country and those who have the least among us. That is the choice Republicans would have us make. It is a wrong choice for the Nation, and I hope we get to some sense of reality in this Chamber that can help us move forward, have the Nation be upheld in its obligations both here and abroad and not start a ripple effect that will have an enormous consequence to this Nation’s economy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. BARRASSO. I ask unanimous consent to speak for up to 10 minutes, followed by Senator INHOFE for up to 10 minutes.

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

Mr. BARRASSO. We heard the Senator from Georgia talk about the upcoming predictable crisis, and our Nation faces an Olympic crisis right now, and it is a predictable crisis.

Back in 2006, then-Senator Obama called raising the debt ceiling “a sign of leadership failure.” So why 5 years later is it now-President Obama who is asking us to raise the debt ceiling, and why is he doing it with no plan on how to pay back the new debt we continue to accumulate?

In his press conference last week, the President called on this party to “go ahead and make the tough choices.” When it comes to cutting spending, his allies in Congress refuse to make any choices. This President has attacked this body for not getting a deal done on time. Yet he declined to meet with Republicans about these very issues and about our ideas. According to the White House Press Secretary—the Press Secretary said this was “not a conversation worth having.” Well, he has finally agreed to meet tomorrow with leaders from both parties.

The White House and Congress have a choice: Do we want America to be broke or do we want America to be bailed out? I don’t think the numbers don’t lie. Our debt is swallowing our economy whole. Every day Washington borrows $4.1 billion more—borrowed over $4.1 billion yesterday, $4.1 billion today, and it will borrow $4.1 billion again tomorrow. That is over $2 million a minute, every minute. In a single day, Washington borrows enough to buy tens of thousands of new homes. In a single hour, Washington borrows enough to buy 2 million new cars. In a single minute, Washington borrows enough to send 53 students a year to the most expensive colleges in America. In a single second, Washington borrows enough to buy two new Ford Mustang cars. Washington will do all of that yesterday, and it will do it all today, and it will do it all tomorrow.

Well, of every dollar Washington spends, 41 cents of it is borrowed. Much of it is borrowed from China. Every American child born today born to today, and born the next day is born with a debt of over $45,000. Next year, of every dollar Washington spends, 68 cents will go for Social Security, Medicare, Medicaid, and interest on the debt alone.

If those numbers don’t sound scary yet, they will. Interest on our debt cost $196 billion last year. It costs nearly $23 million an hour. It costs over $72 million a minute, every day. It costs $6,000 a second, every second, interest alone on our debt. In the time it takes to give this speech, as well as my colleague’s previous speech and the speech coming up after that, in those 10 minutes, Washington will have spent millions of dollars on interest payments alone.

The President has railed against tax breaks for private jets. He did it in a press conference last week. He mentioned it six times. What he didn’t tell you is that every $100 of the huge deficit of this year alone—of every $100, only two cents of that $100 would be dealt with with the tax he proposes and holds out as the No. 1 thing. What about the other $99.98? What the President doesn’t tell you is that interest on our debt costs enough to buy over 100 private jets every day—for the interest we pay on the debt alone. His party wants to end tax breaks for yachts. Yet the interest on our debt would pay over 7,000 of those every hour. Most Americans are feeling severe pain at the pump. Yet Washington could buy nearly 2,000 gallons of gas at current prices every second with the money we spend on interest on our debt.

If we, as a nation, continue down this path, Washington will spend all of what it takes in on Medicare, Medicaid, Social Security, and interest on this colossal debt. Everything else, from defense to education, will be paid for on a budget of borrowed money. So where is the money going to come from? How will we ever pay it back? A lot of it will come from other countries, countries that do not always have America’s best interest at heart.

Debt isn’t just a disaster for the distant future; our debt is so unsustainable and irresponsible that even our military leaders have condemned it. ADM Mike Mullen, Chairman of the Joint Chiefs of Staff, has said the biggest threat to our national security is our debt. The debt is the threat. We do not and we should not take the biggest threat to our national security lightly.

The amount of debt we owe right now today is so high that it is hurting our employment at home. Experts continue to tell us that our debt is costing us millions of jobs. Meanwhile, the Weekly Standard reports that every ‘stimulus job’ costs over $7,400. In other words, the White House could have just cut a check of $100,000 for every American who got a job through the stimulus, and taxpayers still would have come out ahead by $427 billion. Spending like this cannot create jobs because it is harder for the private sector to grow, and no growth means no jobs. Because of this, it is harder for American families to
buy gas, groceries, cars, and homes, to pay tuition for their kids to go to college, and it is harder to create jobs for those kids who will be graduating this year and next year and every year until we get this spending under control.

Everyone seems to claim they understand that the situation is irresponsible and unsustainable. Two years ago, back in February of 2009, the President called experts to the White House. He called them in for what he called a financial summit. In his opening remarks, here is what the President had to say:

Contrary to the prevailing wisdom in Washington these past few years, we cannot simply spend as we please, and defer the consequences to the next budget, the next administration, or the next generation.

Well, I agreed with the President. He was right. So my question to the President is, What have you done about it? One thing he has done is to call together a debt commission. Late last year, the debt commission released their report on America’s fiscal situation, and the findings were sobering. According to the report, they said the problem was too big to solve with the solutions we have. There is no easy way out; everything must be on the table. You know what else they said. They said Washington must lead.

Washington has not led. Instead, the administration has offered nothing but empty promises. As the White House makes promise after promise and speech after speech with no action to back it up, it is clearer than ever that in Washington spoken promises have become broken promises.

This administration’s allies in Congress have no plan other than raising taxes. While they claim to have already accepted the idea of cutting trillions of dollars from the budget, I have yet to hear the Democratic leadership endorse any spending cuts. Where is their plan to cut wasteful Washington spending? So far, they have only talked about tax increases that will kill jobs and hurt our economy. Raising taxes will only make matters worse.

The fundamental difference in this fight is more than just practical, it is also philosophical. We can argue over whether raising taxes on this or on that industry will lower the debt or just raise the costs for the American people.

Let me make this very simple. I am not interested in raising taxes to expand and sustain the size and scope of our Federal Government. I want less government, less costly government, and that means I am not interested in ferreting out new ways to tax people or businesses. I am looking for ways to cut spending to shrink the size of government. I want to dramatically re-shape government, spend less, do less, and put the country back into the private sector.

So I come to the floor and say, as someone from Wyoming, where we live within our means, where we balance our budget every year, it is time for this Congress, and this President to sign into law a balanced budget amendment to the Constitution. That is an amendment which would force Washington to live within its means.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, just one comment on the subject at hand, and then I want to talk about something completely different that is very significant happening today.

I listened to the Senator from New Jersey down here. He kept talking about only in Washington what can happen, only in Washington. Yet never once was there talk about spending. It was all about passing tax increases, and that is what we will be faced with tomorrow.

(The remarks of Mr. INHOFE pertaining to the introduction of S. 1335 are printed in today’s RECORD under “Statements of MembersProduced Bills and Joint Resolutions.”)

The PRESIDING OFFICER (Mr. BEGICH). The Senator from Colorado.

Mr. BENNET. Mr. President, I asked unanimous consent that the time for debate be extended until 7:30 p.m., and then I want to talk about something completely different that is very significant happening today.

Our failure to lift the debt ceiling is not like the United States cutting up its credit card and saying, ‘We are not spending money anymore. It is exactly like a household at home, back in Colorado, saying we overspent, we weren’t careful, and we are not going to pay the cable bill this month even though we owe it or we are not going to pay our mortgage even though we owe it. Those are the kinds of things that in the real world lead to bankruptcy but in a lousy case can lead to interest rates going up because the bank says we are not going to let people pay a lower interest rate for their mortgage because they are not a good credit risk. That is exactly what is going to happen to the United States of America if we renege on the full faith and credit of the United States.

That is why I was so pleased to see an editorial today in the Wall Street Journal called “A Debt-Limit Breakout.”

The Journal observed that:

What this debate needs is a breakout strategy—to wit, Republicans should answer Mr. Obama’s tax call by accepting his business tax increases in return for a lower corporate tax rate.

The Journal goes on to observe directly—and by the way, I said this for 2½ years, the last 2½ years in Colorado—‘‘...the U.S. corporate Tax Code provides the worst of both worlds: It makes U.S. companies less competitive’’ because we have one of the highest rates, if not the highest rate, in the world, ‘‘even as it raises much less revenue than advertised.’’ Because there are so many special interest loopholes that even though we have this high rate we are projecting, we are not, as the Presiding Officer Knows, collecting the revenue we need.

Finally, the Journal says:

Think about it.

Talking about these negotiations. On the current path both sides are headed at default, for a de minimis deal that makes everybody look bad, at worst for a major political crack-up.

I think the Journal has it exactly right, and I think both of those outcomes are unacceptable to the people of Colorado and should be unacceptable to members of this Congress. A de minimis deal that somehow gets us through this but doesn’t actually address the fundamental structural issues we face is unacceptable, and a political crackup is absolutely unacceptable as well. The President is the only one in this Chamber, but because of what is going to happen to our economy if our interest rates reset because we have failed to deal with this debt ceiling issue.

I have spent a lot of time in the capital markets and I know that once those interest rates reset, they will be reset for the rest of my life. I am so worried the posturing and the politicking that has been going on in this Congress is going to put us in a place where we actually run out of time to do the right thing.

I wanted to come down here today to say thank you to two Republicans who came out today. One is Senator JOHN McCAIN from Arizona who came out with this Wall Street Journal editorial—and, by the way, I ask unanimous consent that the Journal article I have been referring to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, July 5, 2011]

EDITORIAL: A DEBT-LIMIT BREAKOUT

The debt-limit talks in Washington are bogged down in the hedgerows, with some Republicans insisting on a balanced budget amendment that can’t pass Congress President Obama insisting on tax increases that Republicans oppose.

We’ve long favored such a reform, and last year the Simpson-Bowles deficit commission and the White House economic advisory council headed by Paul Volcker. But this plan has now been rendered no more than Bill Clinton. Speaking Saturday at something called the Aspen Ideas Festival,
the former President admitted that he had once raised tax rates on corporations.

"It made sense when I did it. It doesn’t make sense anymore. We’ve got an uncompetitive tax code. We tax at 35% of income, although we only take about 25%. So we should cut the rate to 25%, or whatever’s competitive, and eliminate a lot of the deductions so that the corporate tax becomes a fair tax rate, and there’s not so much variance in what the corporations pay.

We proposed Mr. Clinton’s tax increases, not least because corporations don’t pay taxes so much as they serve as a collecting agent. But on the rest of Mr. Clinton’s riff, Milton Friedman and Robert Mundell couldn’t have put it better, though perhaps they’d think that 25% is still too high.

We’d prefer 15% ourselves, but Mr. Clinton is exact on the failure of the 39% (39% on average including the states) to capture that share of corporate income in government revenue. We wrote earlier this year about Whirlpool, which had an effective tax rate of zero due to its many write-offs. Everyone knows the notorious case of GE.

The average effective corporate rate varies by industry, but is still less than 35%, and the injustice is that some pay much less than others if they can afford lobbyists to write loopholes or they invest in politically correct corporate social responsibility. That is not in the least class-war symbolism understands that the U.S. tax code provides the worst of both worlds: It makes U.S. companies less competitive, and reduces much less than advertised. Mr. Obama and Treasury Secretary Tim Geithner have acknowledged this in the past, the President as recently as this year’s State of the Union address.

As for the debt-limit politics, this is also a winner. Democrats and Republicans say they’re happy on spending, side cuts or a 10-year budget window. No doubt some of those cuts are less real than others, and future Congresses could rewrite any enforcement provisions passed this year. But Republicans still have an incentive to set spending on a downward path, and Mr. Obama has an incentive to show he is no longer a hostage of Nancy Pelosi as he runs for re-election.

The political sticking point is Mr. Obama’s desire for some Republican buy-in on raising revenues. The left is still sore that he agreed to extend the Bush tax rates through 2012. Thus he’s pointing Republicans to eliminate certain business tax deductions. Political advisers David Axelrod and David Plouffe have told him will be hard for Republicans to defend. Corporate jets. Carried interest for private equity. Oil and gas. Even LILO accounting, which few understand but can be made to sound nefarious.

Whatever their individual merits, each of these would be a tax increase on business, and Republicans campaigned last year not raising taxes. But the politics is different if they can offset the revenue raised with lower rates. That would let Republicans honestly claim they didn’t support a net tax increase, even as Mr. Obama could say he raised revenue.

Our own guess is that such a reform would raise far more money than the official scorers would predict, since it would lead to a more efficient allocation of capital and a lower tax evasion. This would also promote economic growth, breaking out of the austerity mentality driven by debt reduction. If Mr. Obama is worried that lower federal spending will hurt the economy, then this tax reform is also his best growth policy.

In offering his grand bargain on Saturday, Mr. Obama revealed a caveat of what they do that by August 2? Mr. Geithner says that is the date when he can no longer fumble federal finances to escape a potential default on the debt, or must at least cut some federal spending, to avoid breaching the $14.3 trillion debt limit.

But while his local self-interest there’s always a way. Both sides could agree to a short-term debt-limit reprieve of a month or two with some spending cuts that everyone believes them. I do not say it. The President asked the Senate Republican leader to know, and I know he feels the same way, that we will work with anybody on the other side of the aisle to try to get this done.

Thank you, Mr. President. I yield the floor.

Mr. MORAN. Mr. President, I ask to speak for up to 15 minutes.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. MORAN. Mr. President, it is appropriate that we are here on this July 4 holiday week. I joined a number of my colleagues last week who made it clear it was important for us to be here. We have a looming financial crisis. At issue is the Democratic leadership was capable of bringing up on the Senate floor this week was a sense of the Senate that wealthy Americans should pay their fair share of something.

Suppose we will have discussion about that, which has begun and will continue for the next few days. But I believe Americans deserve leadership in our Nation’s Capital to confront the real fiscal challenges—not just this desire to kick the can down the road and ignore the crisis.

In my view, our President and the Senate leadership have failed to lead. They have failed to adopt the President’s own Deficit Reduction Commission’s report. The President has not proposed the results of that report. They have failed to pass a budget in over 2 years. They have failed to introduce a budget even in our committee this year, and the President’s budget that he did propose this year is woefully inadequate in addressing the fiscal crisis, the deficits we face.

Crafting a budget is one of the basic responsibilities of Congress, but it has not happened. No country, business, or family can operate sensibly without a budget. I serve on the Appropriations Committee. I would love to have a budget that set the guidelines for us to begin the process of determining how much money we should spend, what the outlook might be, and if it is increased, or eliminated. Without a budget, the appropriations process continues to falter and, in fact, it would not be surprising that once again we end up with either an omnibus spending bill or a continuing resolution.

The President and Senate Democrats have said they are serious about dealing with our Nation’s debt crisis, but
actions will speak louder than words. The truth is the President’s budget and the policies of this administration have made our problems worse.

During the last 2 years, the government has spent more than $7.3 trillion and increased the nation’s debt in 2 years by more than $3.2 trillion. The President is missing and the Senate is dysfunctional. The struggling economy we are experiencing and the financial collapse around the corner is the most expected economic crisis in our lifetime. Yet nothing is being done to stop it.

The cochairs of the President’s own Fiscal Commission have said the same thing and have warned that if we fail to take swift and serious action, the U.S. faces “the most predictable economic crisis in its history.” They predict such an event could occur in 2 years or less.

It is time to move past empty rhetoric and get serious about confronting the debt crisis. Delaying difficult decisions and simply increasing the debt ceiling once again without making any changes to the way Washington spends taxpayer dollars should not be an option. We cannot afford business as usual.

The President’s solution is to raise revenues to balance the budget. But does anyone really believe that increased taxes will be used to pay down the debt or will it just be used for even more government spending? And who gets that money raised in Washington, DC, results in more spending in Washington, DC.

When families struggle to pay the bills, they do not simply ask for a pay raise; they cut their spending. The revenue increases we need are not tax increases but increased revenues that come from a growing economy.

The last time we had a balanced budget was at the end of President Clinton’s administrations, there was spending restraint, and Republicans and Democrats could not get along well enough to agree to spend a bunch of money, but the real reason the budget was balanced was that people were working and paying their taxes. We need a growing economy once again to balance the budget.

Increasing taxes reduces the chances of economic growth and the ability to create more and better jobs. If we increase taxes, we reduce the chances of economic growth and we reduce the chance of more and better paying jobs.

In Kansas, for example, the President proposes we increase taxes on those who own a business plane. Airplanes are a pretty important component of our State’s economy, and this proposal would have a devastating impact upon the Wichita economy, which has already suffered the loss of thousands of jobs under declining business in this country.

Now it is not the time to penalize a U.S. industry that produces the best quality airplanes in the world. The U.S. and North America ship a significant amount of business jets worldwide, more than any other region in the world. But because of the recession, nearly every aircraft manufacturer has had to cut jobs, some up to 50 percent of their workforce.

We see this in Kansas day in and day out, and yet the proposal is to make it more expensive to own an aircraft. This does not punish the owners of aircraft. It punishes the people who work every day to make an airplane.

To turn around and put people back to work, Congress and the Obama administration should be implementing policies that encourage job creation, not diminish the chances; rein in burdensome government regulations; replace our convoluted Tax Code with one that is fair, simple, and certain; open foreign markets for American manufactured goods and agricultural products; and develop a comprehensive energy policy. Yet none of these are being done by this Senate.

The debate over government spending and change the way Washington spends taxpayer dollars should not be an option. We cannot afford business as usual.

First, it is time to cut government spending and change the way Washington, DC, spends taxpayer dollars. Mr. President, 40 cents of every dollar our Federal Government is spending is borrowed. One hundred percent of our tax revenue is spent on mandatory spending and interest payments on the debt. Everything else—defense, homeland security, energy, education—is borrowed. This year we will collect $2.2 trillion and spend $3.7 trillion—a $1.5 trillion deficit.

CBO, the Congressional Budget Office, now projects that debt held by the public will exceed 100 percent of gross domestic product by 2021 under current policies. This is a 10-percent increase in debt relative to CBO’s projections of only a year ago.

The debate over government spending is often seen as one that is philosophical or partisan bickering that always goes on in Washington, DC. And certainly I have heard, all of my adult life, the conversations that go on in Washington, DC, and on the talk shows, and in the newspapers, that talk about Republicans and Democrats arguing over the budget and how much money we can spend, but the reality is this time it is different, and our failure to act will have dramatic consequences on the daily lives of Americans.

This is about whether Americans can find a job, can make their payments on their homes and automobiles, whether their kids have a bright future and can pursue the American dream. This is not a philosophical discussion for Washington, DC. This has real consequences for every American family.

We are not, unfortunately, immune from the laws of economics that face every nation. The failure to get our financial house in order and borrowing under control will lead to increased inflation, higher interest rates, fewer jobs, and a lower standard of living for every American. Our creditors may one day decide we are no longer creditworthy, and we will suffer the same consequences that other countries are now suffering that followed that path. We should learn from them.

Secondly, it is time to cap discretionary spending to zero and pass a balanced budget amendment. We must demand enforceable statutory caps to return Federal spending to 18 percent of gross domestic product, where it has been for almost all of the past 60 years. Current Federal spending as a percent of gross domestic product and remains on track to be high over the course of the next 10 years.

Third, we must pass a balanced budget amendment. This amendment to the U.S. Constitution would create discipline to discipline government officials. This amendment would require the President to submit and Congress to pass a balanced budget each and every year, cap Federal spending at no more than 10 percent of gross domestic product, and require a two-thirds vote of the House and the Senate to raise taxes.

Nothing here is unreasonable. Cut spending, cap the percentage of spending to GDP, and pass a balanced budget amendment. When did it become radical or even irresponsible to live within our means? We know what is going to happen if we do not act, and it would be immoral for us to look the other way or to kick the can down the road because the politics of these issues are too difficult to deal with.

Officials from the Obama administration warn that the failure of Congress to raise the legal debt limit would risk default. But the bigger economic threat that confronts our country are the consequences of allowing our country’s pattern of spending and borrowing to continue without a serious plan to reduce that out-of-control debt is slowing our economic growth and threatening the prosperity of future generations who will have to pay for our irresponsibility.

Our government is not on the verge of a financial meltdown because Republicans will not vote to raise the debt ceiling. We are at the point of financial collapse because Republicans and Democrats have spent money we do not have for way too long. We must use the leverage that raising the debt ceiling now presents to force elected officials to do something they otherwise would not do: curb spending, grow the economy, and balance the budget.

If we fail to act as we should, if we let this issue one more time pass for somebody else to solve because it is so difficult, we will reduce the opportunities the next generation of Americans have to pursue the American dream.

I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll.
The bill clerk proceeded to call the roll.

Mr. LAUTENBERG. 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. LAUTENBERG. Mr. President, we are here trying to figure out where America goes in the near future, but also where it goes in the long term because the decisions we make here are going to have a long lasting effect.

What we hear and the American people are witnessing over TV is the Republicans are playing with fire, and millions of Americans are in danger of getting scorched. It reminds us some of those who played the fiddle while Rome burned. The Republicans are willing to allow our country to go into default rather than ask the wealthiest among us to pay their fair share.

The Republican side of the Capitol is clear. They won’t ask our millionaire friends to contribute anything more to keep our ship of state afloat. Yes, the ride is going to be bumpier for everyone, but that is life. Why shouldn’t the middle class pay something, they ask. After all, there are so many of them.

In fact, a Republican Senator was on the floor this afternoon saying the wealthy are overburdened. It is not easy, I guess, to pick out a new car every year, maybe make sure your reservation for the week is secured, and renovations for the house are in order. Life gets complicated if you are rich. These decisions do not come easy.

The Senator who spoke this afternoon complained that the poor and the middle-class— and I quote him here—“need to share some of the responsibility.”

So there it is. It is the poor and the middle class who need to sacrifice once again. The wealthy. The fat cats sit purring on the front deck while middle-class workers are breaking their backs.

Middle-class workers should not have to explain to their kids why they cannot afford to help them get a college education. Democrats know the way to keep our country strong is to educate every young person capable of learning.

Now, what is the real cost of millionaire protection? This risk is an economic giant corporation and the wealthy. The fat cats are rolling in profits. We cannot ask the children have a chance of success that rich, while middle-class families lose their jobs, homes, and the belief that their unemployment benefits could lapse. We are talking about the possibility of people without incomes, people unable to sustain their basic needs. In addition to destroying the safety net for ordinary Americans, a default crisis would likely threaten America’s position as the economic giant of the world, as we see the financial panic on Wall Street and the damage to the credit markets that could lead to the loss of millions of jobs across the country.

The question has to be answered: Why are the Republicans willing to walk on this economic tightrope to win favor among wealthy contributors? It is because they do not sufficiently value the human infrastructure that enabled the millionaires to make their millions. They are insisting on protecting tax breaks for millionaires and billionaires.

They want to keep subsidizing big oil companies to the tune of $4 billion a year in tax breaks. I look at what our leader, the majority leader, has proposed. I am proud to be a cosponsor of a commonsense resolution introduced by Senator REID.

The resolution says: Americans who earn $1 million or more a year should pick up the shovel and help their country dig its way out of the disaster instead of just playing politics.

The American people see through the Republican games of protecting the rich, while middle-class families lose jobs, homes, and the belief that their children have a chance of success that their forebears dreamt about. In poll after poll, survey after survey, they say we should ask the very wealthy to pay more to reduce the deficit. Yet the Republicans refuse to close outrageous tax loopholes for oil companies that are rolling in profits. We cannot ask them to sacrifice.

Look at what the CEOs of these companies are being paid. ExxonMobil, they made over $1 billion in a quarter. The CEO made, in 2010, $20 million. ConocoPhillips, their CEO made $18 million in 2010. Chevron, the CEO was paid $16 million in 2010.

The facts are clear and so are the Republican priorities. They do not want the giant corporations and the wealthy to lose their lucrative tax loopholes. The Republicans want to end Medicare as we know it, forcing seniors to pick up an extra $6,000 a year for their health care. The question has to be asked: Why are the Republicans trying to slow the economic recovery? Why run the risk of financial collapse just 3 years after the last one? Do they believe destroying the economy now will help them during next year’s election? What a terrible thought that is. We heard the minority leader say his No. 1 priority is stopping this President from winning another term.

Our No. 1 priority ought not to be to destroy our economy, restoring jobs, making sure all Americans can share in what this great country has to offer.

The question lurks: What is it that propels this unyielding refusal to ask those who make $1 million a year or more to participate some in restoring our economic viability? The bottom line is, avoiding a default crisis requires all to participate or we could witness the failure of a nation that has survived for more than 200 years—200 years as a beacon of freedom, liberty, and democracy—with great risk of substantial failure in the future if we do not raise the debt ceiling.

The Democrats feel the need to protect the basic values that have made this dream heard only in America, over centuries, a reality. Going forward into the future, we have to continue to protect the values we treasure in our society.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AUTHORITY TO MEET

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that if the Finance Committee meets tomorrow at 9 a.m., it be authorized to meet during tomorrow’s session of the Senate.

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

Mr. LAUTENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.