who probably weren't surprised. For those who watched Abby during her sophomore year score two goals and make a clutch penalty kick that vaulted Our Lady of Mercy to the section V championship match, they know this is what Abby Wambach does.

For months, Abby has been a long way from home. But tomorrow, she will get the warm Rochester welcome she comes to know when her Magic Jack Club faces the Western New York Flash.

Of course, we all know the efforts of the U.S. women's team came just short in the end, and we can't help but be happy for the Japanese team and the entire country as they finally have something to celebrate after the challenging months they have been through. So Japan may have won this round, and congratulations to them, but they should know the U.S. Women's Soccer Team will see them in London for the Olympics next summer, and again for the World Cup in Canada in 2015, with the pride of Rochester, Abby Wambach, leading the way.

CUT, CAP, AND BALANCE

Mr. SCHUMER. Now to perhaps a less happy subject, the so-called Cut, Cap, and Balance Plan.

Let me say we are going to be debating this in the House and in the Senate over the next week. Theater trumps serious solutions as the House Republicans plan a vote on their unrealistic Cut, Cap, and Balance proposal. It truly is theater trumping serious solutions when you put something on the floor that you know may not pass your own body in the House, certainly won't pass the Senate, and would be vetoed by the President, at a time when our Nation's credit is teetering on the edge. Let's stop playing games and solve this problem once and for all.

We on this side of the aisle call the plan Cut, Cap, and Kill Medicare for one good reason. Under this reckless plan, seniors could see their Medicare cuts go up by $2,500 beyond Ryan cuts, Social Security benefits could be slashed by $3,000 a year. It is the Ryan plan on steroids.

The Ryan plan has been seriously rejected in a bipartisan vote in this body. The American people dislike it intensely. And yet now we have done something that is even more extreme. If you thought it wasn't possible to be more extreme, look at the Cut, Cap, and Kill Medicare plan that some of our colleagues on the other side of the aisle are offering.

There are three things wrong with their plan. First, we have a serious debt problem. If the credit of the United States goes into default, we will pay the price for a decade. It will make our deficit worse, it will raise costs to the Federal Government because interest rates on Federal bonds will go up and stay up for a very long time. It will raise the cost to average homeowners because both mortgages and credit card rates will go up. It could very well send our economy back into a recession. Let's roll up our sleeves, let's compromise, and let's meet in the middle and do something that will end our deficit problem, reduce our debt, and make sure we are able to pay the debts we have already incurred.

But, no, theater is the day. Ideologues do not see the world as it is. I read some of the statements by some of the freshman colleagues from the Republican side in the House. They just do not get it. Their view is that they are so right that all they have to do is put this on the floor and all of America and every other Senator and Congressman will go along. Ideologues do not see the world as it is, and that is why I have never been too fond of them, whether they have been on the far right or on the far left. Yet that is who is governing here.

If you read those statements in the papers this morning, that all they have to do is put this out there and everyone will see the righteousness of their cause, I have a word for them: Slashing Medicare and slashing Social Security is not the right thing to do, and I will never see things that way. Saying that millionaires should continue to get tax breaks while we are slashing Social Security and killing Medicare is something I will never go along with, nor will a single colleague on my side of the aisle.

It is not going to pass. It is theater and politics at its worst. It is ideologues governing—or trying to govern. They are not able to govern because they do not see the grays in the world; it is only black or white.

The plan has three strikes against it. No. 1, it will not solve the problem, and it is political theater. No. 2, it will kill Medicare as we know it. That is why we call it cut, cap, and kill Medicare. And, No. 3, it will not do a thing to help the middle class, while giving huge tax breaks to millionaires and corporate America. That is not the plan America wants. That is not the plan America needs. That is not the plan that will pass.

I understand many of us have to bow to an extreme base in the party. That happens around here a lot—but not when we are 2 weeks away from defaulting on our debt, not when we are 2 weeks away from potentially walking off a cliff and incurring injuries from which we will never recuperate.

I call on my colleagues on the other side of the aisle to stop the theater, to stop throwing red meat to the far right base, and join us in solving the problems of America.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

Mr. JOHANNS. Madam President, I ask unanimous consent that I be permitted to enter into a colloquy with my Republican colleagues for up to 30 minutes. Senator ALEXANDER of Tennessee, Senator HOEVEN of North Dakota, and Senator RISCH of Idaho will participate with me in this colloquy.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

BALANCED BUDGET AMENDMENT

Mr. JOHANNS. Madam President, I rise today to speak to an issue that I believe has all the potential in the world to define the future of this great country. It is an issue with which all of us who are participating in this colloquy are very familiar, and that is a balanced budget. All of us are former Governors of the States from which we come.

In my State, the State of Nebraska, our Nebraska Constitution requires a balanced budget. It is not unusual. I believe 49 out of 50 States have this requirement in their constitution. It is not theater; it is the way we do things at the State level.

In addition to that provision, however, our State constitution also says the total amount of money the State of Nebraska can borrow is $100,000. What does that mean? We must balance the budget on an annual basis, and we cannot go out to the debt market and burden our children and grandchildren by fulfilling promises that, quite honestly, we have no idea how we pay for. We cannot do that.

Does that sound familiar? That is what the Federal Government does every single year, and the Federal Government has been doing it for decades. In Nebraska we are forced to prioritize and live within our means. We have a very simple, straightforward philosophy. We do not promise something we cannot pay for, and we do not buy something we cannot pay for.

Is that unusual? Is that radical? Every working family in America understands that, and they live by that simple concept: the simple concept that they should not buy what they cannot pay for. If they do, it gets them in trouble. Sadly, the Federal Government does not think that applies. It thinks it is kind of a radical notion to apply that to what happens in Washington.

Let's look at the results of this kind of policy in my State of Nebraska. The unemployment rate in Nebraska today is 4.1 percent. During one of the most difficult times since the Great Depression, the unemployment rate in Nebraska never exceeded 5 percent. As I have said before on this floor—let me state that a different way. That means about 96 percent of Nebraskans have work.

Our State believes in the philosophy of less government. I have said many times: Government does not create the jobs, the private sector creates the jobs. It is small businesses and businesses willing to take the risks that will get us out of the tough times we are in now.

When I was Governor, Nebraska went through some very difficult times. I was Governor on 9/11. I was Governor when the dot-com bubble burst. I did

not have the option of walking into my State of the State Address and standing there and saying: Folks, these are tough times. We are kind of divided out here. We will not be passing a budget. Had I said that, I would have been looking for another State to live in. I would have been laughed out of the Governor's office.

There were no easy decisions, but there were necessary and important decisions to be made. Nebraskan pragmatism would go a long way in Washington, but my State is not unique. My State is not unique in terms of this balanced budget requirement. In fact, I have other Governors with me today.

I would like to start out by recognizing Senator LAMAR ALEXANDER of the State of Tennessee. When Senator ALEXANDER became Governor, I know he had a lot of priorities, but he created an environment in which job creators could thrive. He created that environment with the spending requirements of his constitution. I would like him to tell us how he did it, how he took his State forward even though he had to balance his budget.

Mr. ALEXANDER. I thank Governor JOHANNS. It is terrific to be on the Senate floor with other former Governors. When we were doing the health care bill last year, I said everyone who voted for it ought to be sentenced to serve as Governor for 8 years and actually try to implement it. But let me try to answer the question briefly so we can hear from the other Governors.

I became Governor 30 years ago, in the early 1980s. Inflation was 20 percent. It is hard to imagine, in the early days of the Reagan administration, they had driven up interest rates to 12 percent to try to bring inflation down. We had terrible times. Of course, we still had to balance our budget. We had to live within our means. We had to have the amount of money coming in equal to the amount coming out.

Let me tell one story of the difference that has made in our State and how it could make a difference in the Federal Government. The other day, in the Environmental and Public Works Committee, the Tennessee chief highway engineer was testifying. He was there when I was Governor. He is still there. One of the Senators, the chairman, suggested perhaps some flexible Federal financing would be a good thing for Tennessee; in other words, loaning some money to the State of Tennessee to build roads.

The State engineer said: Madam Chairman, with all respect, we don't want to borrow any Federal money. The State of Tennessee has zero road debt.

That about brought the hearing to a halt because several Senators had not ever heard of such a thing.

He said: Yes, that is correct. We have zero road debt. We use all of our gas tax money to build roads, none of it to pay interest.

That means, I say to the Senator from Nebraska, when we have a tough time like we did when I became Governor, as when he was Governor, as we do in the country today, if our interest rates are low or we pay no interest, we can use that money to get through tough times. A lot of the businesses and the families today who have less debt are making their way through these tough times more easily.

On the other hand, the Federal Government, according to the President's budget, by the year 2020, would be spending more money on interest on the Federal debt than it would on our national defense. Interest on the Federal debt would be $931 billion by 2021.

What if that money could be put back in our pockets through tax cuts or used to help send kids to college or build roads in the State or energy research to lower the cost of gasoline? One way, I would say to the Senator from Nebraska, that balancing the budget helps create jobs is if we keep our interest payments down, we keep our taxes down, we can spend our money wisely on things that count.

Mr. JOHANNS. Senator ALEXANDER raises such a valid point. In the State of Nebraska we don't have any road debt either. If we wanted to pave a mile of highway we had to have the money in the bank or it did not get done. The other advantage of that is when the economy started to lift, we did not have to pay back all that money we had borrowed. We were ready to take off. So I would have to imagine in Tennessee, like Nebraska, our economic recovery was just much easier to achieve.

I had the pleasure of serving as Governor of Nebraska when Senator HOEVEN was Governor of North Dakota. The State of North Dakota is often recognized as one of the best managed States in the country. It has its fiscal house in order. It runs a surplus with some of the lowest unemployment rates of any State in the country. Yet they suffered through some of the same problems we had after the dot-com collapse.

Could the Senator talk to us a little bit about how the balanced budget provisions in his constitution required him and the legislators to manage the State?

Mr. HOEVEN. I thank Senator JOHANNS. It is an honor to be here with him, and also with the good Senator from Tennessee, LAMAR ALEXANDER. It is great to be here with them as well as Senator RISCH from Idaho. We have a common shared experience as Governors. It is wonderful to draw on that.

I also have to mention that the Presiding Officer in the Senate today, Senator SHAHEEN, is a former Governor as well. So we have that common, shared experience, actually, here today on both sides of the aisle. It is an honor and it is a pleasure to be here with you and talk about this matter that is so very important, particularly as we face the need to do something on the debt ceiling. This issue of dealing with a balanced budget is paramount for our entire country and your lead-in is exactly right. We served together as Governors. As a matter of fact, the truth is, I would call the Senator—because he was elected Governor before I was—for advice and ask him about some of the things he was working on in Nebraska. Our States share many things in common; one the Senator mentioned, a low unemployment rate. The unemployment rate in our State is 3.3 percent. Again, I attribute that to the ability of building a probusiness, progrowth, projobs environment that stimulates private investments, stimulates jobs. The Senator mentioned so very accurately that jobs are created by the private sector, not by government. We have to create an environment that stimulates and encourages and helps create a forum for that private investment. That is how we create jobs and get this economy going.

On one side, we have to have a growing economy, which we don't have at the national level right now, and on the other side we have to live within our means. We have to control our spending, and the Federal Government has a responsibility to control its spending just as the States do, just as businesses do, just as families do. We have to not only balance this budget, we have to live within our means on an ongoing basis. We have 49 of the 50 States with either a constitutional or a statutory requirement that they balance their budget every year. Every single Governor with us today had to balance their budget every single year. It was recently reported that 46 States are already on track to make sure their budget is balanced by the end of their fiscal year. The Federal Government needs to do the same thing.

Look at our situation right now. The Federal Government takes in $2.2 trillion in revenues. We take in $2.2 trillion in revenues, but we spend $3.7 trillion. That is a $1.5-plus trillion deficit every year, and that is rolling up to a debt that is now closing in on $14.5 trillion. We have to address this. This is not something we can hand off to future generations. So our message to the administration is, you are making it worse. We have to start living within our means. We cannot keep spending and then borrowing and then raising taxes and expect to have an economy that grows and a government that lives within its means, and that is exactly why we are here today talking about the need for this balanced budget amendment.

If one thinks about it, the balanced budget amendment gets everyone involved both now and for the future because it has to be passed by both Houses of Congress with a two-thirds majority. That has to be done on a bipartisan basis and then it goes out to the States and three-fourths of the States have to ratify it for it to become part of the Constitution. That gets everybody involved in doing exactly what we need to do; that is, getting on top of this deficit and this debt, both now and for future generations.

Again, I wish to thank the good Senator from Nebraska for holding this colloquy and for inviting me to be part of it with my fellow Governors. I appreciate it very much.

Mr. JOHANNS. Let me thank Senator HOEVEN. I noticed today we are also joined by another former Governor. In fact, we were both elected to the Senate at the same time so we are both part of the same class.

Senator RISCH, at one point in his career, served as Governor of the State of Idaho. He had financial restrictions just as we did in terms of a balanced budget. I ask the Senator, how was he able to deal with important priorities while balancing the budget and bringing the legislative process along in accomplishing that? Could the Senator talk to us a little bit about that today?

Mr. RISCH. I thank Senator JOHANNS very much. I am honored to be here with the other former Governors. There are a handful of us on each side who have had the honor and privilege of serving their States as the chief executive, so it is a real honor to be here, and I bring that experience with me. I think every one of us brings that experience with us. I not only bring that experience, but I did almost three decades in the Idaho State Senate, balancing the budget and, indeed, I was in the leadership, having to do what the leadership does here, as far as bringing the two ends together, because we have a balanced budget requirement in the State of Idaho, as virtually every other State does. Does that create some angst when one is the chief executive or when one is in the legislative process trying to balance the budget? Of course it does. I am sure the Presiding Officer wound up with the same thing in her great State as she tried to balance the budget because no matter how much money one has, it is never enough. As Senator JOHANNS pointed out, it is a matter of priority. This is not rocket science.

What the States do and, indeed, what businesses do and, indeed, what families do around the kitchen table, either formally or informally, is anticipate how much money is going to come in over the year, sometimes over the month, sometimes over the week. They anticipate how much money is going to come in and then they say: We have priorities. What is our first priority? Of course, in a home, we have to be able to eat, we have to have the utilities paid and a roof over our head, so those become very important. To a government, obviously, if it is a State government, education is the largest expenditure for virtually everyone. For the Federal Government, obviously, the highest priority is national defense. But we make a list. Then what we do is we allocate the money we have to a list. When we are done, nobody ever stands and says: That went very well. We have enough money. We have everything funded. We are able to do everything we want to do.

No, absolutely not. Indeed, around here, in this city, this government is spending $3.8 trillion. I can tell you, there isn't a day that goes by where we don't get hit up with somebody saying: It is not enough. Our agency doesn't have enough money. Why we can't even—blank. Fill in whatever you want, whatever agency it is. Everybody tells you they don't have enough money.

Yes, that is right. Because a balanced budget requirement acknowledges a plain, simple fact of life; that is, there are not enough resources to do everything we want to do. Indeed, a lot of times there isn't even enough money to do what we need to do, but what we have to do is we have to do the best we can with what we have. Without a balanced budget amendment, it becomes the opposite of that—we keep spending.

People say to me: Well, JIM, you have been in public service all your adult life. Has anything in Washington, DC, surprised you? I said: Yes, but only one thing. The stuff that goes on here doesn't surprise me at all, except the cavalier attitude this city has and, indeed, this institution has for the value of money. It astounds me that in this institution they don't stop spending money when they hit the end of the budget or they don't stop spending money when they hit the end of the resources. They stop spending money when they run out of time. That seems to be the only sideboard on how much money is spent. If we look around—and people will criticize us on this—and say: You foolish Republicans, what are you talking about? A balanced budget amendment, that is dumb. You know what I say to them? Look at the States. Look around at the States. There are two, maybe three States that are having very difficult financial situations, and it is because they either don't have a balanced budget amendment or they have done some skulduggery to get around the balanced budget requirement they have. But every other State has its financial house in order. Has it been painful? Of course, it has been painful. It is painful to everyone when they don't have enough money, including American families, but that is simply the way it is.

One of the problems we are having is the basic foundation of the difference between Republicans and Democrats. People who say there is no difference between Republicans and Democrats ought to come and spend the day here. They would find that philosophically we are hardwired very differently. Similar to two brands of computers trying to talk to each other, we are hardwired differently.

Republicans believe this Nation was founded with the idea we would have a limited central government. It was founded by people who, indeed, feared a central government. By the way, their fear, as we now see every day, is very well founded. We believe in a limited government. We believe in individual responsibility. We believe in the responsibility of the States. It is hard to find people in this town who actually believe the States are sovereign, that it was the States that created the Federal Government and kept a leash on it and said you can only have the powers we are specifically putting into this Constitution. Now the courts over the years have expanded that dramatically, but nonetheless, the vision the Founding Fathers had, the American people had when they put together the country that created the most successful, the wealthiest, the culture that enjoyed the best quality of life anyone on the face of this planet has ever enjoyed before, the Founding Fathers said: Look, we are going to create a government for the individual, to give the individual the ability to prosper, to give the individual opportunity.

That is what they said. They didn't sit around the table and say: You know what we need is a nanny State. We need to create a government that is going to take care of every American from the time they are born until the time they die just as in Europe.

In Europe, the government pays for your birth. In Europe, the government pays for your funeral and, indeed, it pays for a whole lot of everything in between including every dime you spend after you retire. That is not what America was founded to do. They did not sit around and say: How can we take care of the whole society? They said: How can we defend this country? How can we make sure no enemies come into this country? How can we make sure people have the opportunity to succeed? Yes, some will fail. Yes, some will succeed. Yes, we are going to have poor people, and, yes, we are going to have rich people because that is what a free society is all about, but everybody is going to have the same opportunity. Everybody who is born into this country or becomes a naturalized citizen in this country is going to have the opportunity to succeed in a greater fashion than anyone on the face of this planet has ever succeeded before, and they are going to do it without government interference.

My goodness. How far we have come from those days and not in a good way. They couldn't conceive they needed a balanced budget amendment because the numbers we are talking about they never heard of. If a guy sitting around the table said: By the way, do you know the country is going to be over $1 trillion in debt someday, they would have said: What is $1 trillion? How many zeros is that? They couldn't even conceive of that, so they didn't put that in the Constitution. But this isn't difficult to do. It is how much comes in and how much comes out and they need to equalize each other.

I will be the first to admit our two parties don't understand each other. As I said, we are hardwired differently, and I have a lot of good friends on the other side of the aisle. We have good conversations. They don't understand how I can possibly think we could have a balanced budget, and I guess I don't understand how they think we can

spend ourselves into prosperity. We are, indeed, hardwired differently than each other.

I watched one of the leaders the other day come out onto the floor. He was carrying on about how bad the balanced budget amendment was. He said it would be an admission of the failure of this institution to be able to do its job. It would be abdicating our ability to do our job. Look around. We are $14.3 trillion in debt. Do you think the American people think we are doing our job, when we are at $14.3 trillion in debt and now debating adding another $2.4 trillion to that? If a person comes and spends a little bit of time here, they will understand this institution cannot budget and do so responsibly. Given the opportunity, it will spend and spend and spend and the only way this can be changed is if we have a balanced budget provision in the Constitution just as virtually every State in America has. We are going upside down at a rate of $4 billion to $5 billion a day. We are borrowing new money, $4 billion to $5 billion a day. That is about 12 hours of the entire annual budget for the State of Idaho. This can't go on. The way to fix it is with a balanced budget requirement that puts a new rule in place, and we need rules, we need sideboards when it comes to spending money.

I wish to thank the Senator for providing us with this opportunity. Those of us who have actually lived in the real world where we could not print money, we could not borrow the kind of money we are talking about here, where we had to make responsible decisions—it is time this government did that, and the only way it is going to do that, regardless of flowery speeches given during campaigns—oh, send me to Washington; I will take care of this; I will see we balance the budget; I won't overspend—they come here and do it. The only way this can be done is to balance the budget. Without a balanced budget amendment to the Constitution, we can't do this.

The American people have to do this. We can vote to ask the American people: Do you think we should have a balanced budget amendment to the U.S. Constitution? Let's find out. Let's find out. There can't be anything wrong with giving the American people the ability to do this. It takes three-fourths of the States to ratify this. Let's give them the opportunity. Let's have the debate. Let's pass this and give it to the States and see if they want to do it.

Thank you very much. I appreciate the opportunity.

Mr. JOHANNS. Let me wrap up this colloquy this morning by thanking each one of my colleagues for their comments.

Governors are practical people. We have to be. We have no choice. If jobs are going to be created in our States, we must lead that effort—not by jawboning and indicting the business community but by creating the atmosphere that creates those jobs. If we are going to have a balanced budget, we must lead that effort at the State level. Every Governor who has had an opportunity to speak this morning in this colloquy has made that point. At the end of the day, when our legislative sessions were over, we had to be able to tell the people of our great States that we passed the budget; that the budget was, in fact, balanced; and, for some of us, that we did not borrow any money whatsoever to get that job done. We could learn something in Washington from that.

This is not a radical idea. All the rhetoric we have heard about what a radical, crazy idea this is—well, how can it be so radical if 49 out of 50 States have decided this is the right course and the right direction for their State governments? I can't imagine the American people want anything less for their Federal Government. And, as Senator RISCH has just pointed out, why would we not give the American people the opportunity to cast their vote on how best to manage their government—their government?

With that, I yield the floor, and I note the absence of a quorum.

The PRESIDING OFFICER (Mr. TESTER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

DEBT CRISIS

Mr. REED. Mr. President, I rise today to talk about the regrettable and avoidable looming debt crisis if we don't take appropriate and timely steps beginning today and continuing over the next few days.

As we continue to work to get our economy out from under a protracted and painful recession and on a more robust path of growth and job creation, not having an agreement to pay our country's bills has severe consequences. Defaulting could mean not only a potential stoppage of Social Security and veterans' benefits checks, but even more worrying than what could happen to bondholders and the middle class is the question of whether this could push us back into not only a severe recession but a worldwide economic catastrophe.

We can look across at European governments struggling with sovereign debt crises. Also, one of the lessons we should have learned from the events of 2008, and particularly that fall, is that a lack of confidence and a vulnerability in one part of the world's financial systems can be magnified dramatically because of connections and interrelationships and could potentially produce a worldwide crisis.

So this is an issue we have to address. A failure to act would cripple our government almost immediately. In August, if there is not a solution, it is estimated that spending in the economy could contract immediately from 40 to 50 percent. That means the U.S. economy would be hit with a loss of about $134 billion or about 10 percent of GDP for the month of August if we fail to find a solution. A 10-percent loss to August's GDP could bring our credit markets to a standstill and could lead to the loss of millions of additional jobs.

One of the ironies of this debate is that the proposal by some on the other side to simply not pass debt limit legislation would be tolerable. In fact, it would be catastrophic. It would be catastrophic in terms of the very objective they are urging—controlling the deficit. As people drop out of the labor force, they require more benefits. They are not able legally or in a position to pay the taxes they were paying while working. In addition to that, it has been estimated that for every 1 percent increase in interest rates—and if we default, interest rates will go up on U.S. Treasuries—we will over 10 years accumulate $1.3 trillion in additional deficit. So in one fell swoop, the deficit hawks who are screaming so loudly today could put us on an even worse deficit trajectory.

We all know the job of bringing this budget into alignment is not going to be easy. It involves many tradeoffs, some of which are likely to be very unpopular. It started in 1990, when Republicans joined us in a balanced approach. Along with my colleagues who served here in the 1990s under President Clinton, we then took some tough votes with not one Republican vote in support of us in 1993 when the process of balancing the budget continued. It takes time. It takes difficult votes. It was done in the 1990s.

As we all know, when President George W. Bush assumed office, we were looking not at massive deficits, we were looking at a potential surplus of trillions of dollars over a 10-year period. But with the programs that President Bush, together with his Republican colleagues, embraced, of significant tax cuts, an expansion of entitlements, such as Part D Medicare which was not paid for, which was put on the credit card, and two unfunded wars, we are sitting today with this huge deficit.

Frankly, this proposal to raise the debt limit is very simply paying for what President Bush and Republican Congresses did several years ago. Yet we find my colleagues on the other side saying: Oh, we cannot do that. We cannot do that without significant reductions in programs that are vital to Americans.

We have already demonstrated—we did that in a continuing resolution that is covering this year's funding—we can and will make difficult cuts. We can reduce spending. But we have to do it in a measured way. The other thing we have to do is recognize that any solution, just as it was in the 1990s, will