security. Those decisions were made in the past, and we must pay the bill on those decisions, even though I disagreed with them.

Then we need to put together a plan that takes on our deficit and our debt. That plan has to put all of the options on the table. Some of my colleagues across the aisle said: Well, we want to protect the tax spending programs, where we have tucked in tax provisions for the wealthy and well-connected. They want to defend those, and they want to cut the programs for working Americans.

That is unacceptable. We have seen an enormous increase in the disparity between the wages and welfare of our citizens in general and the best off becoming much wealthier proportionately. We can't continue to say that we are going to protect the well-connected while attacking working families. That is not the America we want to build. We want to build an America where families can thrive, provide a great foundation for their children to also thrive. That means all policies have to be on the table, all spending programs, whether in tax bills or in appropriations bills, have to be on the table, and we have to weigh them one against the other to say which is most important in creating a stronger economy, which is more valuable in strengthening the financial foundations of our families.

That is the process we must go through, and that is the process that will put us back on track. But let us not doubt for a moment that when the citizens of my State come to a townhall and say, How important is it that we get this figured out by August 2, the answer is, Very important. When they ask, Will it hurt us if we fail, the answer is, Yes, it will hurt us. We will be shooting ourselves maybe—I say in the foot, maybe worse.

This is a serious issue. We must come together, not as Democrats and Republicans but as Senators working together for the best future for the United States of America.

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

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

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent the order for the quorum call be rescinded.

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

## CUT, CAP, AND BALANCE

Mr. MORAN. Mr. President, in my view something significant happened yesterday in the House of Representatives. I am pleased with the outcome of the passage of the cut, cap, and balance legislation. I think we have a serious responsibility here in the Congress to see that we address the economic circumstances in which we find ourselves. Certainly the way we do that is important. I am one who believes it would be irresponsible not to address the debt ceiling, but I also believe it would be irresponsible only to address the debt ceiling without adequately taking into account the economic circumstances we are in and the tremendous debt our country faces.

There is no way we can continue down the path we are on. While it is easy for us to make accusations, the reality is that this country, through its Congress and through various administrations, has overspent year after year. The fact that 42 cents of every dollar we spend is now borrowed tells us we cannot continue down that path. In one of my townhall meetings this past weekend back in Kansas, the suggestion was we are willing to take a cut in what benefits we get from government but let's do this in a fair way and let's do an across-the-board reduction in Federal spending. The suggestion by the constituent was maybe if we all took 5 percent off of what we received, we would be fine.

I appreciate that attitude but it fails to recognize the magnitude of the problem. Reducing Federal spending by 5 percent across the board will not get us out of the financial circumstance we are in, will not restore fiscal sanity to our Nation. So while we are about, between now and August 2, seeing what we can do to raise the debt ceiling, in my view we have to come together with a plan that addresses the long-term financial condition of our Federal Government.

I am a supporter of cut, cap, and balance, and was pleased by the broad support that legislation received in the House. It is my understanding we will now consider that legislation here in the Senate this week. But I read the press reports and the political pundits who say that legislation is dead on arrival in the Senate. I encourage my colleagues not to reach that conclusion. It may be the one and only path we have to accomplish what we need to accomplish in the next 2 weeks. It may be this is one of the very few measures, if not the only one, that would pass the House of Representatives. We have now received in the Senate a message that says this is something we are willing to do. For a long time I have been told as a Senator there is nothing that will pass the House of Representatives that raises the debt ceiling. Yet we saw last night that was not the case. So let's not be so quick to say that the Senate will not address and seriously consider and potentially pass legislation based upon cut, cap, and balance.

In some circles, this concept of cut, cap, and balance is considered radical, extreme. Cutting spending is not extreme. That is what every Kansas family does when the budget gets too tight, when we have overspent, when the credit cards are maxed. We reduce our spending. It is unlikely we can go out and say I need a raise to solve our problems. Our employers are not that sympathetic. We ought not be so quick to say we need a raise. We ought to say what can we find within the government that we can reduce, that we can cut.

The idea of capping is certainly not radical. For the last 60 years, our country has averaged 18 percent of the gross national product in spending by the Federal Government. In the last couple of years that average has increased to 24, 25 percent. It would not be radical to move us back to the days in which we were living with 18 percent—what seems to me to be a significant percentage; if we would go back to the days in which only 18 percent of our gross national product was spent by the Federal Government.

Finally, balancing the budget is not a radical idea. Amending the Constitution ought to be done rarely and with great regard for this divinely inspired document, but the Constitution allows for an amendment process. In fact, it has been utilized to solve many of our country's problems and challenges over the time of history. It is not radical. Forty-nine States have a provision that requires them to have a balanced budget in some form or another at the end of the year. So amending the U.S. Constitution to say we are not ever going to get back in the mess we are in today certainly is worth pursuing. Of the cut, cap, and balance provisions, perhaps it is the constitutional amendment that is the most controversial among my colleagues. I certainly would express an interest to work with others to find the right constitutional amendment, the right language in an amendment to the U.S. Constitution that met their concerns.

This cut, cap, and balance seems to me the path forward and the Senate should pass a version of cut, cap, and balance to not only allow the debt ceiling to be raised but to allow the debt ceiling to be raised only if we become responsible stewards of American taxpayer dollars.

I actually have a fourth component of cut, cap, and balance. I would say it is cut, cap, balance, and grow. The last time our fiscal house was in solvency—was solvent—was back at the end of President Clinton's administration. In part, Republicans and Democrats could not get along well enough in those days to spend money on big programs. There was legislation that was passed that was supported in a bipartisan way by President Clinton and Republicans in Congress to limit spending, so there was some spending restraint. But the reality is that the last time we had our fiscal house in order, that we were spending less money than we were taking in, was a time at which the economy was growing. If we want to address the issue of balancing our budget, we should focus much more attention than we have on growing the economy, putting people to work and allowing, as they work, that the taxes will be collected.

The greatest opportunity we have to improve people's lives is to create an environment in which jobs are created,

in which employers feel comfortable in investing in the future, buying plant and equipment and putting people to work. So while it is cut, cap, and balance today, we need to make certain we do not forget what is in my view that fourth component: Grow the economy. In my view that means a Tax Code that is certain and fair, that does not change, that is something a business person or a family can rely upon. It is also a regulatory environment that allows businesses to have the opportunity to grow their business.

The most common conversation I have had with a business owner in Kansas, walking through a manufacturing plant, some small business that manufactures a piece of agriculture equipment—that is pretty common in our State—the most common conversation we have is: Senator, what next is government going to do that puts me out of business? If that is the mindset, how do we ever expect that business person to reach the conclusion that they have the faith in the future to invest in their plant and equipment and in hiring new employees? We need to make certain our financial institutions, particularly our community banks, are not hamstrung by significant regulations that would discourage them from making loans and create uncertainty about the ability to do that, a tax regulatory and access-to-credit environment that says now is the time to invest in America, to put people to work.

I am here to urge my colleagues to seriously consider, not dismiss, cut, cap, and balance and upon its passage for us to immediately return to the progrowth agenda that allows people to have the faith the future of their country is bright and we return to them the opportunity for the next generation of Americans to understand the American dream can still be lived.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. THUNE. Mr. President, I appreciate the good words of my colleague from Kansas. He comes from a State where they understand that the role of the government should be limited. They understand the importance of living within your means, of not spending money you do not have. The Senator from Kansas has had a long and distinguished career in public life, but before coming to Washington, DC, to serve in Congress I suspect he also was a State legislator and my guess is that when he was a member of the State legislature in Kansas they had to balance their budget every year.

I ask my colleague if he could perhaps shed some light on what his State of Kansas does, year in and year out, in order to get their budget balanced, to make sure they are not spending more than they take in. I think, as he pointed out, that is something for most families in Kansas—I would say for most families in my State of South Dakota—those are decisions they have to grapple with all the time and we don't always have the luxury of being able to borrow. Most States don't allow it. My State of South Dakota doesn't allow that. Certainly rules in our States probably are not very conducive to saying we are going to raise taxes on people and on small businesses, which requires then we have to make our decisions on spending.

I would, through the Chair, ask my colleague from Kansas, perhaps that might have been the way in which they went about dealing with their fiscal crisis in the past?

Mr. MORAN. Mr. President, I thank the Senator from South Dakota and would indicate that, yes, Kansas is one of those 49 States in our Constitution in which we are prohibited in almost all ways of living beyond our means. It has been something that the Kansas legislature and Governor have lived with throughout the history of our State, including in today's environment where an economic downturn creates the circumstance in which there are less revenues. So the solution to the problem in Kansas is not a try for more revenue, it is a recognition that spending in difficult times has to be reduced. It is the restraint that we desperately need in Washington, DC, that is so common in State capitals and families and businesses across the country. While I have always indicated to Kansans, while we have this debate every year how to balance the revenues with the expenditures—and it is not an enjoyable debate—we are fortunate in Kansas we have to reach that conclusion and it is something we need in Washington, DC.

For a long time the political talk of Washington is that we are too likely to spend and tax. There is also a problem of spending and borrowing. We are now suffering the consequence. We are not immune from what we see in Greece and Italy and Portugal and Ireland. If we do not solve this problem that we face today in a responsible way, it will be solved for us by the markets, by those from whom we borrow money, determining we are no longer creditworthy. We don't have to worry much about that in Kansas because we have a constitutional provision that requires our legislature and Governor to reach the right conclusion, and it is why I thought this debate on the debt ceiling was the opportunity for us to force ourselves to do the things that politicians do not always like to do.

Mr. THUNE. To the point the Senator from Kansas was making, he talks about higher interest rates and the impact of not dealing with the fiscal circumstances in which the country finds itself. Look at what is happening in Europe. Three-year government bond interest rates are about 19.4 for Portugal, 28.9 for Greece, and 12.9 for Ireland.

Think about the impact in this country if we had interest rates go back to what is even a 20-year average. We would see an additional $5 trillion, about $5 trillion in additional borrowing costs in the next decade alone. That is if we went back to the 20-year historical average for this country, not to mention going to what they are looking at in countries in Europe, with these 19, 20-percent rates. Think about auto loans, think about home loans, think about student loans, think about business loans—all those things we rely on in our economy and that families across this country rely on, in order to carry on with their daily lives if we were looking at those types of interest rates. That is the type of interest rate sensitivity we have. If we do not get our fiscal house in order, we could very well end up like many of these countries, and that would be devastating for our economy.

The most important work we could be doing right now—and the Senator from Kansas pointed this out—is to put policies in place that actually grow the economy and support jobs. I also will support the cut, cap, and balance proposal that is before the Senate today because I think it does important work. It cuts spending today, immediately, it caps spending in the near term, and puts in place a process by which we balance the budget in a long term, a balanced budget amendment

It is interesting to note, if we go back historically, something President Ronald Reagan said 29 years ago this week. He led a rally of thousands of people on the Capitol steps calling for a balanced budget amendment. This is what he said: ''Crisis is a much-abused word today but can we deny we face a crisis?''

That is 29 years ago at a time when the Federal debt was $1 trillion. We face a debt 14 times as high, $14 trillion. Under the President's budget it would literally double in the next decade. We have to get our fiscal house and our spending in order.

The Senator from Kansas also mentioned the size of government as a percentage of our entire economy. If you go back to 1800, the formation, in the early years of our country, 2 percent is what we spent on the Federal Government, 2 percent of our total economy. This year we are over 24 percent, in that 24 to 25-percent range. If you look at the 40-year historical average, about 20.6 percent is what we have spent as a percent of our entire economy. What does that mean? It means we are spending more at the Federal level and that the private economy is shrinking relative to our total economy. What we want to see is an expansion of the private economy where we put policies in place that enable our job creators to create jobs and that we get the Federal Government smaller, not larger. My view is, when you are looking at a debt crisis the way we are, you don't grow and expand the size of government, you make government smaller. You get the private economy growing and expanding and creating jobs, and that is how you ultimately get out of this situation.

We have policies in place right now that are making it more difficult, and

more expensive I would argue, for our small businesses to create jobs. Anywhere you go—in my State of South Dakota and elsewhere—you talk to small business owners, you talk to farmers and ranchers, and what they will tell you is the policies, the regulations, and the taxes that are coming out of Washington, DC, make it more expensive and more difficult for our job creators to create jobs.

If you look, the data on that it is pretty clear. Since this President took office, we have higher unemployment by 18 percent, we have 2.1 million more people unemployed than we did when he took office, and we have a 35-percent higher debt. We saw spending go up in the last 2 years alone, nondefense discretionary spending, by 24 percent. The number of people who are receiving food stamps in this country is up by 40 percent.

All the data, all the tools by which we can measure economic progress and growth demonstrate that the policies that have been put in place by this administration have been a complete failure. So what we need is a change in policies, and it starts by cutting Federal spending, capping it in the near term, and putting in place a long-term solution—a balanced budget amendment like so many States have in place, like the Senator from Kansas mentioned they have in his State of Kansas, like we have in my State of South Dakota, where our State governments have to live within their means. They cannot spend money they do not have. That is the problem we have in Washington, DC, today.

In terms of our small businesses, there was a survey done by the chamber of commerce a couple of weeks ago in which they found that 64 percent of the small businesses that responded to the survey said they are not going to hire this year. Another 12 percent actually said they are going to cut jobs. Why? Half of the small businesses listed economic uncertainty as the major reason. They are concerned about what is going to come out of Washington, DC. They don't know what policies and regulations are going to be imposed on them and what it is going to do to them and their cost of doing business, and as a consequence they are just hunkering down and trying to survive.

We need to change that. We change that by getting Federal spending under control. Cut, cap, and balance is an important step in that process, and I am pleased the House of Representatives last night passed it and sent it over here to the Senate. We will have an opportunity to vote on that in the next few days, and I would argue to my colleagues that this is fundamentally the best we can be doing to not only get our fiscal house in order and get it on a more sustainable path going forward but also to help get our economy growing again and get jobs created out there. You can't do it by making government larger. If that was the case, the trillion-dollar stimulus bill that was passed last year would have brought unemployment down. But, as we all know, we are facing 9.2 percent unemployment today.

We continue to see an economy that is struggling, that is growing at a very slow rate. We need to unleash that economy, and the way we do that is by capping or cutting spending in Washington, DC, making the Federal Government smaller, not larger, getting that amount of spending as a percentage of our entire economy back into a more historical norm, and working to ensure that taxes and regulations stay low on our job creators in this country.

That is why I fundamentally object to what the President and many of his allies in Congress want to do with regard to the debt crisis; that is, increase revenues. You cannot create jobs, you cannot grow the economy by increasing taxes on our job creators. I can't think of a single tax that you could put on our economy that actually would help create jobs. It will have the opposite effect—it will make it more difficult for small businesses to create jobs, more difficult for us to get out of this economic downturn.

I hope my colleagues will support cut, cap, and balance and that it will get a big vote here in the Senate and get this country on a more sound fiscal footing and on a path where we can create jobs and get this economy growing.

I yield the floor.

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

## MILITARY CONSTRUCTION AND VETERANS AFFAIRS AND RELATED AGENCIES APPROPRIATIONS ACT, 2012

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 2055, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2055) making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes.

Pending:

Coburn (for McCain) amendment No. 553, to eliminate the additional amount of $10,000,000, not included in the President's budget request for fiscal year 2012, appropriated for the Department of Defense for planning and design for the Energy Conservation Investment Program.

Johnson (SD) modified amendment No. 556, of a perfecting nature.

Vitter amendment No. 568, to provide that none of the funds appropriated or otherwise made available by this act may be obligated or expended at a rate higher than the level of the Senate and House of Representatives concurrent budget resolution for fiscal year 2012.

Wyden/Merkley amendment No. 570, to provide for the closure of Umatilla Army Chemical Depot, Oregon.

Coburn amendment No. 564, to require evidence of causal relationships for presumptions by the Secretary of Veterans Affairs of service connection for diseases associated with exposure to certain herbicide agents.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON of South Dakota. Mr. President, I am hopeful that the Senate will be able to complete action on the MILCON-VA appropriations bill today. Members have had ample opportunity to offer amendments, staff has been working to clear them, and I believe we now have a clear path to final passage.

I would like to spend a few minutes today talking about the military construction portion of this bill, which is so important to our troops and their families. The bill includes $13.7 billion for MILCON, which is $1 billion below the budget request. In drafting this bill, we took a hard look at the projects submitted by the administration and made strategic reductions in order to make wise use of our MILCON dollars without sacrificing key military priorities. I believe this bill is a prudent approach to addressing our military construction needs at home and abroad.

The bill fully funds the administration's request of $1.2 billion for Guard and Reserve projects. Typically, Congress adds funds for our Guard and Reserve components; however, given the current budget pressures, that option was not available to us this year. It is my hope the services will acknowledge and address the chronic backlog of construction requirements for the Guard and Reserve forces in future budget requests.

Of note, this bill includes $550 million to construct or modify 15 Department of Defense schools at home and overseas. As Newsweek magazine pointed out last month, a shocking number of DOD schools are crumbling and in need of replacing. The administration has made upgrading DOD schools a priority, and the committee wholeheartedly supports that goal. DOD school funding in this bill represents a significant downpayment on the estimated $3.1 billion requirement for DOD school recapitalization.

The administration's request included funding for the move of Marines from Japan to Guam. While the committee recognizes the need to restructure force posture in the Pacific, we remain concerned about the ballooning cost of this plan and the lack of forward progress on the part of our Japanese allies. The report accompanying this bill directs the Navy to provide Congress with detailed information on the cost and prognosis of the Guam relocation initiative.

Additionally, the committee is concerned with the potential cost of related troop realignments in Korea and the long-term impact of troop reductions in Europe. The report accompanying this bill addresses these concerns in depth.