

Mr. SANDERS. Mr. President, I ask unanimous consent to speak for up to 20 minutes.

THE PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

THE ECONOMY

Mr. SANDERS. Mr. President, the good news is the country has made substantial economical progress in the last 6 years since President Bush left office. Instead of losing 800,000 jobs a month as we were during the final months of the Bush administration, we are now creating some 250,000 jobs a month and have seen steady job growth over the last 58 months.

Instead of having a record-breaking \$1.4 trillion deficit as we did when President Bush left office in January 2009, the Federal deficit has been cut by more than two-thirds. Today the 10-year deficit projection is now \$5.5 trillion lower than what the projections were back in 2010.

Six years ago the world's financial system, as we all remember, was on the verge of collapse. Today that is not the case. In fact, some might suggest that Wall Street is doing too well.

While we can take some satisfaction as to what has been accomplished in the last 6 years, one would be very naive not to appreciate there is also a lot of very bad news in our economy, especially for working families.

Most significantly, the simple truth of the matter is the 40-year decline of the American middle class continues. Real unemployment is not 5.6 percent—including those people who have given up looking for work or people who are working part time when they want to work full time—it is over 11 percent. Youth unemployment—something we almost never talk about in this country—is a horrendous 17 percent, and African-American youth unemployment is over 30 percent. It is totally unacceptable.

Real median family income has declined by nearly \$5,000 since 1999. All over this country—in Vermont and in every other State in this country—we have people working longer hours for lower wages. We have husbands and wives working 50, 60 hours a week just to pay the bills. Incredibly, despite huge increases in productivity, in technology, and all of the global economy we hear so much about, the median male worker now earns \$783 less than he did 42 years ago. Let me repeat that. That American male worker right in the middle of the economy now earns, after inflation adjusted for wages, \$783 less than he did 42 years ago. The female worker right in the middle of the economy now makes \$1,300 less than she made in 2007.

When you ask why people are angry, why people are stressed, why people are frustrated, that is exactly why. Further, this country continues to have, shamefully, the highest rate of childhood poverty of any major country on

Earth, and 40 million Americans still have zero health insurance.

In the midst of this tragic decline of the American middle class, there is, however, another reality. The wealthiest people and the largest corporations are doing phenomenally well. The result: The United States today has more income and wealth inequality than at any time since the Great Depression. Today the top one-tenth of 1 percent own almost as much wealth as the bottom 90 percent. Let me repeat that because that truly is a startling fact. Today the top one-tenth of 1 percent—which is what this chart talks about—owns almost as much wealth as the bottom 90 percent.

Today 1 family—the Walton family, owners of Walmart—owns more wealth than the bottom 40 percent of the American people, some 120 million Americans.

I don't believe most of our people think this is what the American economy should be about. In fact, this is not an economy for a democracy. This is what oligarchy is all about. One-tenth of 1 percent owning almost as much wealth as the bottom 90 percent, 1 family owning the equivalent of what 131 million Americans own, that is wealth. In terms of income—which is what we make every year—what we have seen in the last number of years since the Wall Street crash is virtually all new income is going to the top 1 percent.

Last year—just as one example—the top 25 hedge fund managers earned more income than 425,000 public school teachers. Does anybody believe that makes sense? Twenty-five hedge fund managers making more income than 425,000 public school teachers. That gap between the very rich and everybody else is growing wider and wider and wider.

The fact is that over the past 40 years, we have witnessed an enormous transfer of wealth from the middle class to the top 1 percent. In other words, what we are seeing in our economy is the Robin Hood principle in reverse. We are taking from the poor and the working families and transferring that income and wealth to the very wealthy.

From 1985 to 2013 the share of the Nation's wealth going to the middle class has gone down from 36 percent to less than 23 percent. If the middle class had simply maintained the same share of our Nation's wealth as it did 30 years ago, it would have \$10.27 trillion more in cumulative wealth than it does today. Almost \$11 trillion would have stayed with the middle class but has disappeared since 1985.

But while the middle class continues to shrink, while millions of Americans are working longer hours for low wages, while young people cannot afford to go to college or leave school deeply in debt, while too many kids in this country go hungry, we have seen, since 2009, that the top 1 percent has experienced an \$11.5 trillion increase in

its wealth. So the top 1 percent in recent years sees an \$11.5 trillion increase in wealth, while in roughly the same period the middle class sees a \$10.7 trillion decrease in wealth.

This \$11.5 trillion transfer of wealth from the middle class to the top 1 percent over a 5-year period is one of the largest such transfers of wealth in our country's history. Here is my point. This is not just a moral issue, although it is a profound moral issue—and Pope Francis, by the way, deserves a lot of credit for talking about this issue all over the world. Are we satisfied as a nation when so few have so much and so many have so little? Are we satisfied with the proliferation of millionaires and billionaires, at the same time as we have millions of children living in poverty? Is that what America is supposed to be about? That is the moral component of this debate.

But this is not just a moral issue. It is also a fundamental economic issue. As we know, 70 percent of our economy is based on consumer spending. When working people do not have enough income, enough disposable income, they are unable to go out and buy goods and services that they would like or that they need. The so-called job creators that my Republican friends often refer to are not the CEOs of the large corporations.

The CEOs of large corporations cannot sell their products or services unless people have the income to buy them. Someone can come up with the greatest product in the world, but if people do not have the money, they are not going to sell that product, they are not going to hire workers to produce that product.

The truth is that the real job creators in this country are those millions of people who every single day go out and purchase goods and services, but if they do not have adequate income, the entire economy suffers. There was a very interesting article, I believe it was yesterday or today, in the Wall Street Journal, written by Nick Timiraos and Kris Hudson, talking about how a two-tier economy is reshaping the U.S. marketplace.

What they talk about is:

It is a tale of two economies.

Said Glenn Kelman, chief executive of Redfin, a real estate brokerage in Seattle.

There is a high-end market that is absolutely booming. And then there's everyone in the middle class. They don't have much hope of wage growth.

The article continues.

Indeed, such midtier retailers as J.C. Penney, Sears and Target have slumped.

"The consumer has not bounced back with the confidence we were looking for," Macy's chief executive Terry Lundgren told investors last fall.

I ask unanimous consent that the article 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, Jan. 28, 2015]
HOW A TWO-TIER ECONOMY IS RESHAPING THE
U.S. MARKETPLACE

(By Nick Timiraos and Kris Hudson)

The advance of wealthy households, while middle- and lower-income Americans struggle, is reshaping markets for everything from housing to clothing to beer.

WOODINVILLE, Wash.—Five years ago, Quadrant Homes churned out starter houses in the Seattle area with an average sales price of \$269,000 and the marketing slogan, “More House, Less Money.”

But facing a debt-burdened middle class and rising land prices, Quadrant has since exchanged entry-level buyers for customers free of credit worries and ready to splurge. Its new slogan, “Built Your Way,” accompanies homes with vaulted ceilings and gourmet kitchens that last year sold for an average price of \$420,000. “We used a lot of market research to tell us that our old model wasn’t going to work,” said Ken Krivanec, Quadrant’s chief executive.

The emergence of a two-tiered U.S. economy, with wealthy households advancing while middle- and lower-income Americans struggle, is reshaping markets for everything from housing to clothing to groceries to beer.

“It’s a tale of two economies,” said Glenn Kelman, chief executive of Redfin, a real-estate brokerage in Seattle that operates in 25 states. “There is a high-end market that is absolutely booming. And then there’s everyone in the middle class. They don’t have much hope of wage growth.”

The recession blew holes in the balance sheets of all U.S. households and ended a decadeslong loosening of credit for middle-class borrowers. Now, credit is tight, and incomes have been flat or falling for all but the top 10th of U.S. income earners between 2010 and 2013, according to the Federal Reserve.

American spending patterns after the recession underscore why many U.S. businesses are reorienting to serve higher-income households, said Barry Cynamon, of the Federal Reserve Bank of St. Louis. Since 2009, average per household spending among the top 5% of U.S. income earners—adjusting for inflation—climbed 12% through 2012, the most recent data available. Over the same period, spending by all others fell 1% per household, according to Mr. Cynamon, a visiting scholar at the bank’s Center for Household Financial Stability, and Steven Fazzari of Washington University in St. Louis, who published their research findings last year.

The spending rebound following the recession “appears to be largely driven by the consumption at the top,” Mr. Cynamon said. He and Mr. Fazzari found the wealthiest 5% of U.S. households accounted for around 30% of consumer spending in 2012, up from 23% in 1992.

Indeed, such midtier retailers as J.C. Penney, Sears and Target have slumped. “The consumer has not bounced back with the confidence we were all looking for,” Macy’s chief executive Terry Lundgren told investors last fall.

In luxury retail, meanwhile: “Our customers are confident, feel good about the economy in general and their personal balance sheets specifically,” said Karen Katz, chief executive of Neiman Marcus Group Ltd., last month. Reported 2014 revenues of \$4.8 billion for the company are up from \$3.6 billion in 2009.

Revenue for such luxury hotel chains as St. Regis and Ritz-Carlton rose 35% last year compared with 2008, according to market research firm STR Inc. Revenues at midscale chains such as Best Western and Ramada were down 1%.

On grocery aisles, the recession and its aftermath boosted sales of economy brands.

At the high end, Whole Foods Market Inc. reported record sales per gross square foot last year.

“Demand bifurcated,” said Jason Green, chief executive of the Cambridge Group, a growth strategy firm that is part of Nielsen NV. “The familiar stuff my middle-class family had in the pantry, those are under significant pressure.”

In the grocery market’s middle tier, Safeway Inc., the second-largest supermarket chain in the U.S. was purchased last year by the private-equity group that owns Albertsons, the fifth-largest grocery retailer. Company officials said the deal would allow the companies to reduce costs—and lower prices for customers—as they fend off competition from low-price outlets and high-end stores.

In the cold case, sales of premium lagers are up 16% since 2007 after adjusting for inflation, while sales of economy brands grew 8%, according to research firm Euromonitor International. Sales of midprice beers are down 1%.

The trend hit auto makers some years ago, when BMW AG’s former chief executive Helmut Panke described the U.S. market as an hourglass: lots of demand for budget and luxury brands but little in between. Steve Bates, general manager of BMW Seattle for the past 12 years, said new-car sales at his dealership were up 25% last year, while used-car sales were flat. The M4 series, a sporty coupe priced from \$64,000, has been “selling out as soon as it touches the ground,” he said.

Then there are consumers like Vicki Oliver, 68 years old, of Temecula, Calif. She bought a used Hyundai Sonata last year to replace a wrecked 1995 Ford Explorer. Ms. Oliver and her husband, a real-estate agent, added onto their home two years ago so her daughter and son-in-law, a general contractor, could move in with their family.

“That was a way to make things work in hard times,” Ms. Oliver said. Caribbean cruises and trips to Florida are now memories. “We haven’t done that for years,” she said.

The housing market illustrates how weakness among middle-class consumers holds back the U.S. economy. Homes are generally the biggest purchase Americans make. Housing dollars ripple through the economy by triggering spending on appliances, furniture and landscaping.

INEQUALITY IN AMERICA

For the first time, U.S. builders last year sold slightly more homes priced above \$400,000 than those below \$200,000. As a result, the median price of new homes exceeded \$280,000, a record in nominal terms and 2% shy of the 2006 inflation-adjusted peak.

Total sales last year, however, were up just 1% compared with 2013, and more than 50% below their average from 2000 to 2002, before the housing bubble.

New homes are also getting bigger. The median U.S. home was more than 2,400 square feet in the third quarter of 2014, a 20% increase from early 2000 and a 10% increase from the peak of the housing market in 2006.

In Seattle, the median new-home size topped 2,500 square feet last year, a record, according to research firm Metrostudy Inc. Since the market hit bottom in 2011, sales of new homes priced above \$600,000 have tripled, while sales below \$400,000 are down 16%, according to CoreLogic DataQuick. Builders boost profits selling more expensive homes. But less construction overall means fewer new jobs and reduced total spending.

“Over the long haul, I worry that you can’t run our housing market, which depends on volume, on affluent buyers alone,” said Diane Swonk, chief economist at Mesirow Financial in Chicago.

Young households have been slow to buy homes because of the tough job market. Many would-be buyers can’t save enough for a down payment or don’t earn enough to qualify for a mortgage. Student debt holds others back.

A typical household, for example, would need around \$60,000 in cash to make a 20% down payment on the median-priced new home in the U.S. To qualify for a mortgage, they would need good credit and to show an annual income of about \$45,000, assuming little other household debt. A government-insured loan in this example could call for an \$11,000 down payment but would require an annual income of \$60,000.

Lisa and Nathan Trione are looking for a house in Denver big enough for their five children. But there is little in their price range: \$250,000 and under.

“You’re already intimidated by the process,” said Ms. Trione, a 28-year-old paralegal and office manager. “And then you see this huge price, and you say, ‘I’m not ready to do that right now.’”

Ms. Trione is paying off debt she incurred while earning her associate degree. She also is trying to raise her credit score, which, she said, fell during a series of early financial missteps.

Well-heeled customers, meanwhile, have their pick of mortgages. At the same time, some banks have pulled back from federally insured loans that allow for smaller down payments.

“We would like to build a smaller, higher-quality and less-volatile business,” Marianne Lake, chief financial officer at J.P. Morgan Chase & Co., told investors last year. With fewer potential customers, builders have largely abandoned the entry-level market. “If a builder can make money on something, he’ll build it. The problem is that they can’t make money at the entry level,” said John Burns, of Irvine, Calif., a consultant to builders.

But rentals, the low-end of the housing market, are booming. Apartment construction has neared its fastest pace since 1989. Two of the nation’s largest home builders, Toll Brothers Inc. and Lennar Corp., have both launched multifamily construction divisions, each with around 5,000 units in the pipeline. “We all wished we had a big apartment portfolio through this downturn,” said Douglas Yearley, Toll’s chief executive, during an earnings call last year.

With sales plunging in 2009, Quadrant called in a research firm that concluded more buyers might materialize if the company built more expensive homes. “When it’s data driven, the courage to make a remarkable change is easier than when you’re using your gut,” said Mr. Krivanec, the company’s chief executive.

Quadrant, a unit of TRI Pointe Homes Inc., was finishing seven homes per workday in 2004. They now finish less than two of the more expensive houses a day. But the share of buyers who back out of a deal, typically because they can’t get a loan, is down 10% since 2010. To serve more higher-end buyers, Quadrant opened a design studio two years ago that lets buyers choose from dozens of cabinets, countertops, tiles and flooring. Some new buyers spend nearly twice as much on such upgrades, the company said, which adds to the profitability of home sales.

Common design features now include a walk-in closet and bathroom nearly as big as the master bedroom. Kitchens have a walk-in pantry.

On a recent Tuesday afternoon on Little Bear Creek Place, a cul-de-sac in this Seattle suburb, electricians, landscapers and framers worked on some 23 Quadrant home sites.

Nearby, Nick and Adriana Stoll unpacked boxes in their new four-bedroom home. The

home is twice the size of the 1,200-square-foot, one-bedroom apartment they rented in nearby Bellevue.

The Stolls customized almost every feature and finish, including hinges on kitchen cabinets that prevent the doors from slamming shut. "I'm typically the kind of consumer where I make a quick decision," Mr. Stoll said. "But when it comes to your home, well, we stared at 100 countertops for an hour."

The Stolls survived the recession and have prospered. Mr. Stoll purchased a Seattle condominium in 2008, the day before learning he was losing his job at Washington Mutual, the thrift sold to J.P. Morgan after it was seized by the Federal Deposit Insurance Corp.

Mr. Stoll changed jobs twice before he was recruited in 2011 to work at a technology company. He broke even on the sale of his condo last year. "Other people encountered problems where maybe it's student loans or credit cards or car payments," he said, "and we have none of that."

The couple put 20% down on their new home, which cost \$579,000. Ms. Stoll works as a client associate for a large financial services company.

Growth in new home sales this year will depend, in part, on whether builders revive their interest in first-time buyers.

Two years ago, D.R. Horton Inc., the nation's largest home builder, launched Emerald Homes, a luxury division. Last year, the company rolled out Express Homes, a division that pioneered no-frills housing for the entry-level market. Mr. Krivanec, Quadrant's CEO, said he doesn't see a return to his company's former model. There are enough people with good-paying jobs in the area—at Boeing, Amazon and Microsoft—to keep sales going, even it means building fewer homes. "We like where we're at," he said.

Mr. SANDERS. So what we are hearing—basically what this article tells us—is if people's income is going down, they are not going to Macy's, they are not going to Target. Those stores are not hiring workers or are getting rid of workers because the middle class does not have the income it needs.

Here is a very important point. Within President Obama's recent budget—by the way, I think the President's budget is beginning to move us in the right direction—there was a very interesting projection that unfortunately got very little attention. Here is the point: Over the last 50 years GDP growth in the United States of America averaged about 3.2 percent. What the President's budget is suggesting is that more or less over the next 10 years we are going to see 3-percent growth, 3-percent—2.7, 2.5, 2.3. For the rest of the decade, 2.3 percent.

The bottom line is, if we continue along the same type of economic growth we have had over the previous 50 years, unemployment would be substantially lower, people would be paying more taxes, Social Security, among other programs, would be in much stronger shape.

The debate we are going to be having in the Budget Committee—I am the ranking member of the Budget Committee—are two very different philosophies. Our Republican friends believe in more austerity for the middle class and working families. Their goal, over a period of months and years, is to cut

Social Security, cut Medicare, cut Medicaid, cut nutrition programs for hungry children, not invest in infrastructure, and then give huge tax breaks for millionaires and billionaires.

In other words, more austerity for the middle class, tax breaks for the wealthy and large corporations. I believe that philosophy is wrong for many reasons, the most important being that if we want to grow the overall economy, if we want to create jobs, we have to put money into the hands of working people. We do not do that by cutting, cutting, cutting, and imposing more austerity on people who already desperately are hurting.

A far more sensible approach is to create the millions of jobs that our country desperately needs by, among other things, investing heavily in our crumbling infrastructure. Last week I introduced legislation that would invest \$1 trillion over a 5-year period into rebuilding our crumbling roads and bridges, rail, airports, water systems, wastewater plants.

If we do that, we make our country more productive, safer, and create up to 13 million jobs, putting money into the hands of working people. It not only will improve their lives, but they will then go out and spend their money in their communities, creating further economic growth. That is the direction we should be going.

We also have to raise wages. People cannot survive on the starvation minimum wage imposed at the Federal level of \$7.25 an hour. If we raise the minimum wage over a period of years to \$15 an hour, we are going to have billions of dollars go into the hands of people who need it the most, improve their lives, allow them to go out and invest in our economy, spend money and create jobs.

We need pay equity for women workers. It is not acceptable that women are making 78 cents to the dollar for men who are doing the same work. We need to address the scandal of overtime right now, where we have so-called supervisors at McDonald's who work 50, 60 hours a week, but because they are so-called supervisors do not get time and a half.

We need to make college affordable for all of our workers. In a global economy we need the best educated workforce in the world, not the one where people cannot afford a higher education. We need trade policies that benefit working people and not just large multinational corporations, which is why we should defeat the Trans-Pacific Partnership.

So there is a lot of work that needs to be done. But the bottom line is, if we are serious about dealing with the deficit and debt reduction, if we are serious about growing the middle class, we need an agenda which creates jobs, raises wages, makes college affordable, demands that corporate America start investing in this country and not in China.

We need a proworker agenda, not an austerity agenda which will strangle the middle class of this country even more than it is hurting today.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I thank my colleague from Vermont for what he has said. I would note that there are many in our State who agree wholeheartedly. We are not a wealthy State. We are a proud State. We are not a State that believes in such a huge disparity of income. So I thank the Senator for what he said, not only here but when he has made similar remarks around the country.

(The remarks of Mr. LEAHY pertaining to the introduction of S. 356 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Texas.

DEPARTMENT OF HOMELAND SECURITY FUNDING

Mr. CORNYN. Mr. President, yesterday our friends across the aisle blocked—filibustered, really—a \$40 billion funding bill that would have paid the funds necessary to keep the Department of Homeland Security running through the rest of this fiscal year. I understand they had some differences over the content of the legislation the House passed, but it is undeniable that the House acted responsibly by passing this appropriations bill, particularly at a time of heightened security concerns not only here at home but around the world.

Of course, the part that I guess confused me the most is our Democratic friends said: Well, we don't want to debate the bill, but what we want is a clean DHS appropriations bill. So they wanted to get to the end of the process without even starting the process, which strikes me as odd.

As I pointed out last week during the Senate debate on the Keystone XL Pipeline, Senator DURBIN from Illinois, the assistant minority leader, spoke very sincerely in support of a process surrounding that bill. We didn't all agree that the Keystone Pipeline should be passed, but we did at least have an open amendment process that allowed everyone to express their point of view and to get votes on amendments, up or down, before concluding that piece of legislation. I think the most notable part of that was that we actually had more votes in the Senate during the 3 weeks we were on the Keystone XL Pipeline than we had all of last year under the previous management.

So it was amazing to me to see that the Democratic leadership—the Senate minority—worked so hard to marshal their caucus together to block debate on this \$40 billion appropriations bill to fund the Department of Homeland Security, especially considering the