

to \$80 per acre. Folks in Nebraska produce about 9 million acres of corn each year. So we are looking at \$3 billion to \$7 billion more a year in higher input costs for that producer. This would be devastating.

The President's budget also contains harmful tax increases on small businesses—the job engine of our economy. According to the latest figures, small businesses create over 74 percent of all new private sector jobs, employ over half the labor force, and contribute about half of the Nation's output. The last thing our country needs when unemployment is projected to be as high as 10 percent is a tax on the very segment of our economy that creates the majority of the new jobs. It goes against all logic to encourage output productivity and job creation in one breath and then penalize that same success with tax increases in the next.

The small businesses located in towns across Nebraska cannot afford another penny in extra taxes. When I talk with folks back home, I hear how they are juggling the electric bill, the health care costs, working to make payroll, while trying not to lay people off. Why would they believe that their Government wants them to succeed if Congress turns around and slaps a crippling tax increase on them during their most trying time?

Beyond the staggering tax increases contained in the budget, the spending is also the most we have ever seen in history. The pricetag is \$3.6 trillion for 2010. Let me repeat, \$3.6 trillion. To further illustrate the massive spending and subsequent borrowing we would have to undertake, I have a chart regarding public debt that I wish to put up and share.

Last year, the debt held by the public as a percent of gross domestic product was about 40 percent. As my chart depicts, by 2019, this will rise to 82 percent. If you do the math, that is a 100-percent increase. Let's look at the pure dollar amount. The President's budget outline would double the debt held by the public in 5 years and nearly triple it in 10. It goes from \$5.8 trillion in 2009 to \$17.3 trillion in 2019.

Let's imagine for a second if the average citizen behaved as Government is being suggested it should—to sign up for credit card after credit card after credit card, max them all out without making a single payment on the principal, never once scaling back on their spending, and then send an IOU to the company saying: I will pay you some day.

Even our creditors have come forward with doubts regarding our spending behavior. China within the last few weeks has expressed concern. The chief China economist for JPMorgan, Frank Gong, put it this way:

Inside China, there has been a lot of debate about whether they should continue to buy treasuries.

China is already the No. 1 foreign holder of United States debt. If they stop financing our spending, what

then? Who will be Uncle Sam's banker when the IOUs catch up with us?

I am extremely worried by the result this runaway spending will create—lower standard of living, inflation spiraling out of control, less economic opportunity for future generations. What if future generations do not have the ability to get a home loan for that first house or student loans to go to college? Isn't it our goal to provide a better life for our grandchildren and children?

In conclusion, let me say that none of us has a crystal ball. I realize the President has a difficult job, but I do know that trying to lead the country out of this mess with bigger Government, runaway spending, massive debt, and tax increases is not the way to go. Future generations deserve better. Making tough decisions has to start somewhere, and I am disappointed that this budget outline passes the buck to another day.

I will wrap up with this. I look forward to working with my colleagues as we debate our Nation's budget next week. I sincerely hope there is a genuine commitment to tackling some of the concerns that I have outlined today.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AIG BONUSES

Mr. KYL. Mr. President, I wish to speak briefly to the issue that has been very much on the minds of the American public over the last several days, and that is the bonuses paid to folks who work with AIG, the insurance company that has been the recipient of taxpayer money under the so-called TARP legislation.

A lot of times when Congress acts in haste, it makes mistakes, and one of the concerns I have about the bill we will be taking up is the question of whether we have adequately thought through the exact remedy we want to impose here in order to get the bonus money back. The House of Representatives acted very quickly and passed a very onerous tax bill that would claw this money back. The Senate has a bill that has been written by the chairman and ranking member of the Finance Committee that would be even broader in the sense that it would both tax the company itself as well as the individuals who receive the bonuses. There are a lot of concerns that have been raised over the weekend about both of these approaches. I have urged a little bit of caution here so we don't do the wrong thing again.

One of the reasons we are in the position we are in is because Congress

acted in haste. In fact, when the bill was passed that allowed these bonuses, I don't think very many—if any—of our colleagues knew it was in the legislation. After the fact, we learned that the authorization for the bonuses was in the legislation. But when we act quickly and we don't really know what we are doing, we can make mistakes.

I have suggested there be a hearing in the Senate to answer a lot of the questions the public has been asking. Now, the first question is, Exactly who are these bonuses paid to and why? Is it necessary that these people receive the bonuses in order for the Government to protect its interests in the company it now owns a substantial part of—AIG? Has some of the money been given back? Will more of the money be given back? Is it fair to impose a tax retroactively? In other words, after people have earned the money based upon an expectation that the money will be taxed at regular rates, is there now going to be an extra tax imposed on top of that simply because we don't like what was done? Will it withstand constitutional muster? And perhaps most importantly, how about the Secretary of the Treasury engaging in the authority, which I understand he possesses under the stimulus bill that we passed earlier, to act in the public interest to claw that money back? In other words, is it even necessary for Congress to amend the IRS Code in order for the Secretary of the Treasury to be able to get that money back?

Clearly, this could have all been avoided had the Government asked AIG to renegotiate the contracts when it gave AIG about \$30 billion 3 weeks ago. The Government was in a position to say: One of the conditions for receiving this so-called TARP money is that you will renegotiate the contracts that provide bonuses for your employees. We could have done that at that time. But it wasn't done, so now we have to figure out the right way to deal with this.

The other reason I am urging caution was expressed by the President in a "60 Minutes" interview that was on television last night. Here is how he answered a question about the constitutionality of this proposed tax law. I am now quoting the President:

Well, I think that as a general proposition you don't want to be passing laws that are just targeting a handful of individuals. You want to pass laws that have some broad applicability. And as a general proposition, I think you certainly don't want to use the Tax Code to punish people.

I think the President is right about exactly what he said there, and that is one of the reasons there is some doubt about whether this law's constitutionality would be upheld and another reason I think we would be wise to hold hearings. But there is yet another reason, and that has to do with whether the private businesses that have been helped by the so-called TARP legislation will want to continue to receive this money or continue to participate in the public-private partnerships that

have been established by the Government if there is a possibility there is going to be retroactive punitive legislation imposed upon them or their employees.

So one of the things I would like to do is to make sure that in expressing our outrage—and every one of us is outraged about this—we do it in a way that is constructive and not destructive to the very program the President has created to try to help these struggling companies get back on their feet so that they can lend credit to everybody else who needs credit in our country.

There is a significant view that if the folks participating in this program come to believe that the Government—Congress—can at any time come in and impose a new tax on them, they are going to want to get out of these programs rather than participate in them. In fact, there have been strongly expressed views that these banks will try to repay the TARP funds quickly—prematurely, in effect—in order to get out from underneath the Government's potential further involvement in their businesses. Of course, by paying the money back, they reduce their ability to loan money to the rest of us. Obviously, the whole point in giving them the TARP funds in the first place was to give them more liquidity so that they would have the money to lend to businesses, to families, and others throughout America.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks a couple of statements that make this point very clearly. One is an editorial that was in the Washington Post on Friday, March 20, and the other is a very interesting article by Ian Bremmer and Sean West that was printed in the Friday Wall Street Journal.

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

(See exhibits 1 and 2.)

Mr. KYL. Mr. President, the "Washington Gone Wild" editorial in the Washington Post makes the argument I just made. They use the words "short-sighted," "opportunistic," and "irresponsible," and liken this to the actions of a mob to get even with people rather than stopping to think about what it is going to do to the President's TARP program. And that is what I wish to talk about.

I voted for both the first and second TARP. There were only six Republicans in the Senate who supported that second program, and I did it because I believed it was important for the President and the Secretary of the Treasury to have the necessary funding to help these institutions. We are going to destroy that program if the participants in the program come to believe that, out of spite, Congress, reacting to an angry electorate, will simply come down and pass new tax obligations on the employees of these companies in the future. They are going to be very weary of participating.

As the Washington Post editorial notes:

Elected officials have a responsibility to lead, not just to pander; to weigh what makes sense for the country, not just what feels good.

The point is, we now own a big share of this company and parts of some of these other companies, and we want to do what is in their best interest for our best interest and not simply punish them because we are angry that some folks got bonuses.

So I am going to urge my colleagues to take a deep breath here and talk to the administration, to hold a hearing and answer the questions that have been asked here and see whether there isn't a better way to achieve the same result. I just happen to believe that if the Secretary of the Treasury called these folks down to his office and said: You know, for the good of the country, you ought to give half or two-thirds of whatever it is back, and if we can save your company, you will be able to make that money back in no time with a healthy company, and if we don't, it is going to be bad for America—I would appeal to their patriotism. He could also talk to the executives at AIG and ask them to sit down with the same people to renegotiate the contracts. There are other ways, in other words, to accomplish the same result without doing violence to our Tax Code, to the concept of contracts, and that do not raise the question about the constitutionality of this action.

Mr. President, I urge my colleagues to hold a hearing on the bill. Do not bring this bill up before the Senate for a vote this week but discuss it with the administration and see if we can come up with a better solution and resolve this problem in a sensible way that will be good for America.

EXHIBIT 1

[From the Washington Post, Mar. 20, 2009]

WASHINGTON GONE WILD

"Shortsighted," "opportunistic" and "irresponsible" aptly describe the actions of those who fueled the debacle on Wall Street. They are also apt descriptors for lawmakers more focused on currying favor with a public outraged at the bonuses handed out by bailed-out companies than on fixing the fundamental and still potentially disastrous cracks in the financial system. By changing the terms of a deal months after it was entered into, Congress will show the government to be an unreliable partner, further draining confidence from the financial system and endangering long-term recovery.

Yesterday, the House had the feel of a mob scene, with lawmaker after furious lawmaker vying for floor time to rail against the \$165 million in taxpayer-funded bonuses lavished on employees of American International Group's disgraced Financial Products division. House members rushed through a bill to impose an effective tax rate of 90 percent on bonuses paid to AIG employees and employees of other firms that accepted at least \$5 billion from the Troubled Assets Relief Program—though when then-Treasury Secretary Henry M. Paulson Jr. pressed many of those firms to take the funds last fall, government interference in their compensation systems was not part of the deal. The legislation, approved by a vote

of 328 to 93, would affect employees who received bonuses on or after Jan. 1 and whose household incomes exceed \$250,000. Late yesterday afternoon, lawmakers on the Senate Finance Committee introduced their own, broader version of the bonus clawback that would affect firms that accepted as little as \$100 million of government funds.

We understand that legislators are hearing from furious constituents, and we understand why those voters are angry. It is unquestionably galling that some of the employees who crafted and pushed risky derivatives that wreaked financial havoc worldwide should line their pockets with some of the \$173 billion in public funds meant to prop up the too-big-to-fail insurance behemoth and its global business partners. The bonus anger resonates, too, because of a larger sense many voters have that the people who helped trigger this whole economic mess are not the people paying the greatest price.

But elected officials have a responsibility to lead, not just to pander; to weigh what makes sense for the country, not just what feels good. The effective confiscation of legally earned and contractually promised payments may well be unconstitutional. It is almost certain to be unhelpful. The bonuses paid at AIG represent less than one-tenth of 1 percent of the bailout provided so far; recouping those funds will have no discernible fiscal effect. But it will help drive away the best talent at the firm, and despite all the glib messages of "good riddance," that is a strange action for an owner—and the American public now owns AIG—to take. But the real damage goes well beyond any effect on AIG. The economy continues to suffer from a shortage of credit. The government needs financial institutions—including relatively healthy ones—to take public funds that will then be lent to responsible businesses and consumers. The Obama administration reportedly intends in the next week or two to announce the details of a "private-public partnership" to buy troubled assets from ailing banks. The participation of private hedge funds, investment banks and other firms will be key to the plan's success. But what executive in his right mind will enter into a deal if he or she believes the rules can be changed six months or one year down the road purely on the basis of polls and politicians' fears?

Rather than bringing reason to the debate, President Obama has stoked the anger, and last night, the White House commented favorably on the House action. Perhaps Mr. Obama believes that only by lining up with an angry public now can he persuade it, and Congress, to approve the hundreds of billions more he will need to right the credit system. But he might have expressed his sympathy with public anger over irresponsible behavior in the financial sector while also steering the government in a more constructive direction. The absence of backbone on either end of Pennsylvania Avenue this week could carry a steep price.

EXHIBIT 2

[From the Wall Street Journal, Mar. 20, 2009]

AIG AND "POLITICAL RISK"

(By Ian Bremmer and Sean West)

After quietly tolerating \$170 billion in bailout money for AIG, why have the public, Congress and the administration suddenly blown up about a tiny fraction of that amount that is being paid out in retention payments and bonuses? After all, the AIG bailout channels U.S. taxpayer dollars to foreign banks and even potentially covers hedge-fund profits.

The reason is one of political expediency: The bonuses represent greed in the face of dire circumstances, which resonates with Joe the TARP-funder. The public now has an

Enron-like target on which to unload its collective frustration about the financial meltdown. While public outrage is understandable, pandering to it jeopardizes the administration's credentials in a sloppy attempt to score populist points. This raises the political risk for all investors in the U.S. (both domestic and foreign) significantly.

The financial-sector rescue necessitates unpopular actions that will only be politically worth it if the administration actually solves the crisis. Until recently, the Obama administration had taken pragmatic is slow actions that it deemed necessary to fend off disaster, as opposed to pursuing an ideological agenda in how it implements the bailout.

But this week, under pressure to show a strong hand and positive results, the administration latched onto the AIG bonus flap as an angle for currying populist favor. When it became clear that the bonuses were going to be big news, President Obama led the anti-AIG charge with instructions to "pursue every legal avenue" to get the money back. Never mind that the administration was responsible for the TARP provision that (sensibly, from a legal standpoint) exempted pre-existing legal agreements from the bill's limits on compensation. Mr. Obama now says he'd like to create a new "resolution authority" to deal with "contracts that may be inappropriate." Meanwhile, Congress seems poised to undo the bonuses through special taxes—a move that in other circumstances would clearly be labeled retroactive and unfair.

It was not long ago that Mr. Obama assailed the Bush administration for its dangerous expansion of executive power during a complex crisis. The Obama administration's antics around the AIG bonuses suggest a similar effort to use political power to contort the law. But rather than doing so for reasons of national security, this administration is doing so to pander to an angry public. When the Obama administration and Congress flex this kind of muscle, they attach a new political-risk component to all contracts negotiated in the shadow of the bailout.

That risk may scare potential investors away from bailout recipients because they cannot trust our government's will in the face of public outrage. It destroys our moral high ground the next time Mr. Obama wants to criticize a foreign country for ignoring the rule of law by nationalizing private assets or repudiating international debt. It will certainly make Mr. Obama's task much more difficult when he tries to sell the public on his administration's ability to manage the rest of the bailout, and when he tries to sell private firms on the public-private partnership that will be needed to make the recovery work.

The administration could have let Congress have its week of grandstanding over bonuses, while issuing a public statement acknowledging the bonuses as deplorable, but not important enough to detract from the real work that lies ahead. The tragedy here is the extraordinary amount of time that is being wasted on this issue when the Treasury Department remains understaffed, a detailed toxic-asset plan remains perpetually forthcoming, and the economy continues to shed jobs.

It's predictable that the administration and Congress would rather abuse an easy target over something every voter can get mad about than actually confront the hard issues of managing the financial crisis, including progress on the "stress test" of banks and the restoration of normal credit operations, establishing genuine oversight of the use of bailout funds, and coordinating international efforts on global economic stimulus

and changes to financial-industry regulations. That type of governing is far more troublesome, as it involves making difficult decisions on complex topics and communicating unpopular news to constituents.

This is a hallmark moment for the administration. Congressional anger over AIG's bonuses foreshadows the battle looming if and when the administration asks for more financial-sector rescue funds. The administration may rightly sense that failing to join hands with Congress and the public in outrage over the bonuses would complicate release of those funds. But Mr. Obama does not need to show solidarity by diminishing confidence in the rule of law. That bit of populism will cost the president far more in future credibility than he stands to gain in present popularity.

Mr. KYL. Mr. President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

HONORING GALLAUDET UNIVERSITY

Mr. BROWN. Mr. President, on July 4, 1861, President Lincoln celebrated our Nation's 85th year of independence by declaring to Congress:

The principal aim of the U.S. Government should be to elevate the condition of men—to lift artificial weights from all shoulders—to clear the paths of laudable pursuit for all—to afford all, an unfettered start, and a fair chance in the race of life.

Just a few months prior to enunciating the aim of his Government, President Lincoln signed into Federal law the authorization to confer collegiate degrees to the deaf and the hard of hearing in a campus in Washington, DC, not far from here. For the first time in our Nation's history, and still to this day, Gallaudet University is the only liberal arts university in the world dedicated to pursuit of access to higher education for deaf and hard of hearing students.

Mr. President, 2009 marks the bicentennial, as we know, of President Lincoln's birth. All around our Nation, parents and children, students and teachers are reconnecting the history of Lincoln's life to our world today.

Mr. President, 2009 also marks the 145th anniversary of Gallaudet University's charter, signed by Abraham Lincoln himself. As our country struggles through economic calamity and armed conflict overseas, let us mark the significance of these events by honoring the principal aim that President Lincoln and thousands of Gallaudet students have embarked upon: That every American has an unfettered start and fair chance at the American dream, that it be free of prejudice and ignorance and, instead, full of opportunity and access.

Today, Gallaudet annually enrolls more than 1,600 undergraduate and graduate students who take courses in more than 40 majors. Today, more than 15,000 Gallaudet alumni are leaders in their fields and in their communities, sprinkled all over the United States of America.

Serving on the board of trustees of Gallaudet is one of the great honors of my life. My mother, an English teacher, put such a premium on education. Education has anchored my life as a child in Mansfield, OH, and now as a Senator representing Ohio in Washington. I am reminded each day of this country's rich history, the tapestry of America's diversity—of our language, of our families, of our communities. The tapestry of America's diversity teaches us that wisdom and goodness persist in each of us, despite efforts to marginalize and discriminate by a few of us.

One hundred and forty years ago, the four members of Gallaudet's first graduating class—four people—received degrees signed by President Ulysses S. Grant. To this day, the tradition continues. Every graduate of Gallaudet is conferred a degree signed by the sitting President of the United States. This simple act by a President—President Obama will continue that tradition this year—confers to the students the faith in this country's capacity to elevate the condition of each of us.

I congratulate the students and the faculty, the alumni and the supporters of Gallaudet for teaching all of us the meaning of the values President Lincoln laid before us—that we educate ourselves as part of a community that, full of opportunity and free, as President Lincoln said, free of artificial weight, we educate ourselves as part of a community that works toward the good of our society.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Ms. KLOBUCHAR. I ask to speak for 10 minutes as in morning business.

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

HEALTH CARE REFORM

Ms. KLOBUCHAR. Mr. President, today I am here to talk about health care reform. I would mention, first, that I was just with DEBBIE WASSERMAN SCHULTZ, the Congresswoman who last year battled with breast cancer and today was there, healthy, to introduce a bill. I am proud to be the Senate sponsor, to focus on increasing awareness among younger women about the risks of breast cancer.