

be ignored. We cannot afford to turn a blind eye to corruption, or deal with it only at the local level. Rule of law must be instituted from the top, and we will not succeed if corrupt officials escape justice.

Since last year, this is the one area where there has been no progress. To the contrary, the Afghan Government has continued to derail corruption investigations led by Afghan institutions, such as the Major Crimes Task Force and the Special Investigative Unit. This situation has worsened in recent months, as demonstrated by the recent case of Mohammad Salehi, an aide to President Karzai who was arrested for soliciting bribes. President Karzai personally intervened to secure Salehi's release despite the fact that his arrest was ordered by the Afghan Attorney General and the investigation surrounding the charges against him was Afghan-led.

As the administration prepares for a December review of its strategy, I am deeply concerned that the debate has changed from reducing corruption to determining how much corruption can be tolerated. Reports indicate that the administration has considered focusing on lower level corruption as opposed to that which stems from the top. Make no mistake, just as the "fish rots from the head," the root of the problem stems from Kabul. This has been clearly demonstrated by the decisions to release corrupt officials, which have been personally made by President Karzai.

Corruption in Afghanistan is a continuum, and we must address the problem at both ends of the spectrum. It is a fallacy to think we can delineate a clear line between corruption at the highest level and the local level, or that we can address this issue without dealing with President Karzai. National and subnational incidents are of equal importance and must be confronted at the same time if we are to be successful.

In the midst of the debate about the best way to tackle corruption, concerns have been raised about Afghan sovereignty. Fighting corruption and protecting Afghan sovereignty are not mutually exclusive, and combating corruption does not necessarily impede on Afghan sovereignty.

As someone once said, we cannot want to win this more than the Afghans want to win it themselves. To the contrary, the two most significant bodies for investigations—the Major Crimes Task Force and the Special Investigative Unit—are housed in the Afghan Interior Ministry, and they operate with only minimal U.S. involvement apart from advising.

While it may be unrealistic to eliminate corruption completely, we must demonstrate that we are committed to doing so. And at the moment, we are moving in the wrong direction. We must measure and assess levels of corruption using a standardized metric to demonstrate that we are on an upward trajectory as we move toward the July 2011 drawdown date.

The recent establishment of three U.S.-led task forces to deal with corruption in Kabul is a good idea, but it is a tacit acknowledgement that our current strategy is not working. Now that the task forces have been created by the State Department and DOD, coordination and implementation of a common strategy are key. At the same time, these task forces are worth nothing—they are worth nothing—if Karzai releases corrupt officials or stands in the way of prosecutions. As we approach July, the Karzai government must demonstrate it is willing to arrest, detain, prosecute, and punish those who are caught red-handed.

The war in Afghanistan is critically important and worth fighting. If we leave, al-Qaida and other terrorist groups will reconstitute and once again find safe haven in Afghanistan, which will undoubtedly increase the threat to the homeland. American lives are at risk, and we must do everything in our power to defend our national security interests and ensure al-Qaida does not return to Afghanistan.

That said, let me be clear on two critically important points. First, we must remain dedicated to a top-to-bottom review of the entire Afghanistan campaign this December. Anything less would be a disingenuous attempt to sidestep the hard questions that linger about this exceedingly difficult foreign policy issue. Second, and most important, the December review must assess whether the Karzai government is genuinely committed to detaining and prosecuting corrupt officials who are brought before the courts, regardless of their family and political connections. Additional findings to the contrary gravely threaten our prospects for long-term success.

At the end of the day, we have to ask whether the Afghan people will choose the Afghan Government over the Taliban when we begin transferring security and governmental responsibilities to the Kabul government next year. Given that rampant graft and corruption is the top concern of Afghan citizens who were polled—ranked even above their own security—the answer to that question will be no unless the Karzai government gets serious about this debilitating and rampant problem.

This is what defines, more than anything else, our long-term success. And we should not continue—I cannot emphasize this enough—we should not continue to put our brave young men and women in harm's way unless we are pursuing a strategy that we believe has a reasonable chance of success.

This is the litmus test, and we must confront it head-on in December. As stewards of America's treasure, both in terms of resources and American servicemembers' lives, we owe the American people and our distinguished fighting force nothing less. And the American people deserve no less.

I yield the floor and 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. GRASSLEY. 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.

#### CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

#### CREATING AMERICAN JOBS AND ENDING OFFSHORING ACT OF 2010—MOTION TO PROCEED

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 3816 which the clerk will report.

The legislative clerk read as follows:

Motion to proceed to the consideration of Calendar No. 578, S. 3816, a bill to amend the Internal Revenue Code of 1986 to create American jobs and to prevent the offshoring of such jobs overseas.

Mr. GRASSLEY. Mr. President, before I start to speak, it is my understanding I have 30 minutes for our side and I ask unanimous consent that Senator DORGAN be recognized immediately after my time.

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

Mr. GRASSLEY. Mr. President, I wish to tell my colleagues why I think the bill before us, S. 3816, is not a good approach. This bill is being sold as somehow having the potential to create American jobs, but it would likely have the exact opposite effect. It would lead to a net decrease in American jobs. For that reason, I encourage my colleagues to vote against this bill.

The bill has three key aspects: a payroll tax holiday for employers hiring U.S. workers to replace foreign workers; a denial of business deduction for any costs associated with moving operations offshore; and lastly, ending deferral for income of foreign subsidiaries for importing goods into the United States. This last provision, according to my colleagues on the other side of the aisle, is the principal issue of the three, and from that standpoint, in my opposition, I agree. It certainly is the most dangerous, so that is the one I wish to address in detail.

To understand this partial repeal of deferral, it is best to consider the topic of deferral more generally and then we can consider this particular idea in context.

The term "deferral" refers to how U.S. corporations pay U.S. income taxes on foreign earnings of its foreign subsidiaries, only when those earnings are repatriated to the United States. That is, the U.S. tax is deferred until the earnings are paid by means of dividend back to the U.S. parent corporation. Deferral is not a new policy.