

I have no doubt that the American people have the ingenuity and the competitive spirit to solve our energy challenges. What they need from us in Washington is leadership.

I urge my colleagues to reject these amendments and then to work together to craft energy policies that can help move us away from a carbon economy and transition to a clean energy economy.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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 Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

BUDGET TALKS

Mr. SCHUMER. Madam President, I rise to speak about the current status of the ongoing bipartisan budget talks. We are in a much better place than we were 2 weeks ago. The two sides are much closer than we might be able to tell from the public statements. After 3 months of back and forth, two short-term continuing resolutions containing cuts, and one near collapse of the talks last week, we are finally headed for the homestretch.

Last night, we had a very good meeting with the Vice President. Afterwards, he confirmed that the House Republicans and we in the Senate are, for the first time in these negotiations, working off the same number. As the Vice President said last night, there has been agreement to meet in the middle, around \$33 billion in cuts. The Appropriations Committees on both sides are now rolling up their sleeves and getting to work to figure out how to best arrive at that number.

Today, Speaker BOEHNER said: Nothing is agreed to until everything is agreed to. That is a fair and reasonable position to take. He need not publicly confirm the \$33 billion number. But as long as both sides keep their heads down and keep working, a deal is in sight. We are right on the doorstep.

But there are outside forces that do not like this turn of events. Outside the Capitol today, there was a tea party rally staged to pressure Republican leaders not to budge off H.R. 1. They want Speaker BOEHNER to abandon these talks and hold firm, even if that means a government shut down on April 8. This is a reckless, and, yes, extreme position to take.

Earlier today, the Republican leader came to the floor to defend the tea partiers rallying outside this building. Let me say this. I agree with some of his points. For instance, I agree that the fact that the tea party is so actively participating in our democracy is a good thing. They have strongly held views and they joined the debate. This is as American as it gets.

But the tea party's priorities for our government are wrong. Their priorities are extreme because they are out of step with what most Americans want. Every poll shows Americans want to cut spending but with a smart, sharp scalpel, not a meat ax. They want to eliminate the fat but not cut down into the bone. They want to focus on waste and abuse. They want to cut oil and gas subsidies. They want to end tax breaks for millionaires.

They do not want to cut border security or port security funding that keeps us safe. They do not want to take a meat ax and cut vital education programs. They do not want to end cancer research that could produce research that saves many lives. Most of all, unlike the tea party, most Americans do not want the government to shut down. They want both sides to compromise.

A deal is at hand if Republicans in Congress will tune out the tea party voices that are shouting down any compromise. These tea party voices will only grow louder as we get closer to a deal, and our resolve must remain strong. If the Speaker will reject their calls for a shutdown, we can pass a bipartisan agreement. Many conservatives whom I would otherwise disagree with, agree with me on at least this point.

It was very interesting to see on FOX News yesterday three commentators all on the same show, plainly agreeing it is time to accept a compromise with Democrats to avert a shutdown. Charles Krauthammer was adamant that a shutdown would be avoided and that if the government did shut down, the Republicans would be blamed.

Kirsten Powers, a conservative columnist, said: "What really should happen is if Boehner could strike a deal with the Blue Dogs and the moderate Dems and just go with the 30 billion with the Senate and just move on."

Bill Kristol agreed that while Republicans may like to pass a budget solely on their terms with only Republican votes, the reality is, the Speaker would need Democrats to get a deal done.

The tea party may have helped the Republicans win the last election, but they are not helping the Republicans govern. The tea party is a negative force in these talks. But we are close to overcoming this force and cutting a deal.

As the negotiations enter the homestretch, here is how we should define success: First and foremost, a government shutdown should be avoided. We should all agree on that. It bothers me when I hear some on the other side of the aisle or in the tea party say: We should shut down the government to get what we want.

Second, the top-line target for cuts should stay around the level described by the Vice President and that both parties are working off of. This makes complete sense, since \$33 billion is the midpoint between the two sides, and it is what Republicans originally wanted

in February before the tea party forced them to go higher.

Third, the makeup of the cuts, as I suggested a few weeks ago, should not come only from domestic discretionary spending. We cannot solve our deficit problem by going after only 12 percent of the budget. Mandatory spending cuts must be part of the package, and the higher the package goes, the more the proportion should be tilted in favor of mandatory rather than discretionary spending.

Fourth, the most extreme of the riders cannot be included. There are some riders we can probably agree on. But the EPA measure is not one of them, neither is Planned Parenthood or the other extreme riders that have been so controversial.

I believe we can settle on a few measures that both sides think are OK. But the most extreme ones do not belong in this budget bill. Those are issues that should probably be debated but not as part of a budget and not holding the budget hostage to them. If we can adhere to these tenets, we can have a deal both sides can live with. Time is short, and we need to begin moving on to the pressing matter of the 2012 budget.

Speaking of the 2012 budget, let me say a quick word about that. I saw today that House Republicans planned to unveil their blueprint next week. Interestingly, the report said Republicans no longer plan to cut Social Security benefits as part of that blueprint. They are admitting it is not a major driver of our current deficits. That is true, and this is a positive development.

It comes after many of us on the Democratic side, including Leader REID and myself, have insisted that Social Security benefits not be cut as part of any deficit-reduction plan. It is good to see that Republicans, including the House Budget chairman, according to the reports in the paper, now agree with us. His original plan called for privatizing the program. I hope we are not going to bring up that again because it will not pass.

But if the House Republicans instead simply insist on balancing the budget on the backs of Medicare recipients instead of Social Security recipients, we will fight them tooth and nail over that too. There has to be give on all sides—shared sacrifice, not just in any one little area.

A lot is at stake in the current year's budgets. But in another sense, it is simply a prelude to the larger discussions ahead. We urge the Speaker to resist the tea party rallies of today and the ones that are to come, to accept the offer on the table on this year's budget, and let us tackle the larger topics that still await us.

Mr. NELSON of Florida. Would the Senator yield for a question?

Mr. SCHUMER. I would be happy to yield to my friend from Florida.

Mr. NELSON of Florida. In the Senator's opinion, why would the Republicans, particularly from the House of

Representatives, want to cut Social Security, since the Social Security system has little, if any, effect upon us getting our arms around the deficit and moving the budget toward balance over the next 10 years?

Mr. SCHUMER. My friend makes a good point. In fact, by law, the Social Security system and its pluses and minuses and the Federal Government's budget and its pluses and minuses must be separate. So by definition, by law, the two are separate. Social Security has its liabilities and assets, a big pile of assets over here, and the Federal Government has its liabilities and assets. The twain don't meet. One would think, particularly those who are saying privatize, that their opposition or desire to include Social Security in large-scale budget deficit talks, which we need and which are good—and I commend the group of six for moving forward in this direction—one would think that is an ideological agenda because they simply don't like Social Security and want to change it, privatize it, whatever, rather than any motivation about the deficit.

Then when we see that some of them may want to extend tax breaks for millionaires permanently, which would increase the deficit by a huge amount, and yet at the same time they say: Let's deal with Social Security, let's privatize it, which doesn't have anything to do with the deficit, one scratches one's head and says: I don't think deficit reduction is what is going on here.

Mr. NELSON of Florida. I thank the Senator for his erudite analysis.

Mr. SCHUMER. I thank my colleague for his erudite question.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. I ask unanimous consent to speak in morning business for 20 minutes.

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

DEBT AND DEFICITS

Mr. WHITEHOUSE. Madam President, Abraham Lincoln began his famous "house divided" speech with simple, homespun advice that we should first "know where we are and whither we are tending," before we "judge what to do and how to do it." We are embarked on a journey of great consequence regarding what to do about our Nation's budget and how to do it. This is a vital conversation. We simply must reduce our annual Federal deficits and our Nation's debt. But it would seem wise at this important time to take President Lincoln's advice and examine where we are and whither we are tending as we go about making these decisions.

I will touch on a few factual landmarks that may help orient us to where we are and help us learn whither we are tending. The first and most obvious is that we just weathered the

worst economic crisis since the Great Depression. Few of us who were here then—I know the Presiding Officer was—will ever forget the animal fear and desperate urgency displayed by Treasury Secretary Paulsen and Federal Reserve Chairman Bernanke as they, having looked into that abyss, came to this building, to the LBJ room, and pleaded for our help to save the world economy. We are now past the worst depths of the financial and economic crises.

As this chart shows, the economic recovery measured in jobs is proceeding, though all too tentatively and all too slowly. In Rhode Island, we are still at 12 percent unemployment in the Providence metropolitan area and over 11 percent statewide. To Lincoln's question where are we, well, gradually trending in the right direction. But no one can yet rule out a double dip back into deeper recession.

Into this gradual and tepid recovery, the Republicans want to inject H.R. 1. What can we know about that? Mark Zandi, an economic adviser to Senator MCCAIN's 2008 Presidential campaign, says this legislation, the House bill, will cause 700,000 job losses. That wipes out about half of the recovery, if that number is correct. Goldman Sachs, the Wall Street investment bank, says that bill, H.R. 1, could lower GDP growth by two full percentage points in the remaining two quarters of the fiscal year. Goldman Sachs is no fool where economic numbers are concerned. It would be a perilous choice to dismiss their warning. Our present rate of economic growth is only about 3 percent. So reducing that by a full 2 percent over a year could wipe out more than half of our economic recovery. Of course, economic growth correlates to Federal revenues so the cuts' damage to economic growth would in turn create revenue loss, so there would be less deficit reduction. That is one landmark of where we are. We are in a too-slow economic recovery from what was nearly a second great depression, and we face a bill from the House that threatens that too-slow recovery.

Another mark of where we are and whither we are tending relates to the balance between regular Americans and corporate America's respective contributions to our Nation's revenue. In 1935, regular Americans and corporate America evenly split the responsibility to fund our country's obligations. Then in each of these indicated years, it broke through the following ratios: humans twice as much as corporations in 1948; three times as much in 1971; four times as much in 1981; and recently the ratio broke through 6 to 1, individual Americans contributing more than six times the revenue that corporate America contributes. When people say how overtaxed corporate America is, it is worth looking at the facts of where we actually are and whither for decades we have been tending—ever diminished corporate contributions to our Nation's revenues.

Look next at how we collect revenues. Look at the landmarks of our dysfunctional Tax Code. Start with what it takes to comply with our beast of a code. The National Taxpayer Advocate, an independent office within the IRS, has calculated that Americans spend 6.1 billion hours of time engaged in tax compliance each year. Think of what could be invented, what could be built with 6 billion hours of human work. Instead, it is all consumed, every year, in the economic dead weight loss of tax compliance. In terms of where we are, that is an important fact, and it is an abysmal place to be.

Let me take my colleagues to another place. Here is a picture from our Budget Committee Chairman KENT CONRAD taken in the Cayman Islands. This nondescript building doesn't look like much. It certainly doesn't look like a beehive of economic activity. But over 18,000 corporations claim this building as their place of business. It gives a whole new meaning to the phrase "small business" when we think of 18,000 corporations claiming that building as their place of business. As Chairman CONRAD has pointed out, the only business going on here is funny business, monkey business with the Tax Code, tax gimmickry. This is estimated to cost us as much as \$100 billion every year. For every one of those dollars lost to the tax cheaters, honest tax-paying Americans and honest tax-paying American corporations have to pay an extra dollar or more to make up the difference.

Here is another building with a tax story to tell about where we are as we look at our budget debate. This is the Helmsley building New York City. This building is big enough to be its own zip code so that the IRS reports of tax information by zip code can tell us a lot about this building. Here is what this building tells us from actual tax filings. The well off and very successful occupants of that building paid a lower tax rate than the average New York City janitor paid. It seems extraordinary, but it is not a fluke. The average tax rate of the New York City janitor is 24.9 percent of their income. Of a New York City security guard, is 23.8 percent of their income. And of the occupants of that wonderful building, 14.7 percent of their considerably larger incomes. That seems as though it must be extraordinary, but it is not a fluke.

The IRS reports that the tax rate actually paid by the highest income 400 Americans—the story is the same—the highest earning 400 Americans, in the IRS's most recent calculation, each earned an average of \$34 million-plus a year, over a third of a billion each and every year, 400 of them. I truly applaud their success. It is a magnificent thing. But here is the rub. They actually paid on average only a 16.7 percent total Federal tax rate. I asked my staff to calculate the wage level where a regular single worker starts paying 16.7 percent in total Federal taxes. It is at a salary of \$28,650. A representative job