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I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania.

MIDDLE CLASS TAX CUT ACT

Mr. CASEY. Mr. President, I rise to speak about the issue of job creation and also supporting our small businesses and strengthening our economic recovery.

One of the fundamental questions I have been asked in Pennsylvania—and I think most Senators on both sides of the aisle have been asked repeatedly, not just in the last couple of days or weeks but for many months now—is a very fundamental question: What are you doing as a Member of the Senate to create jobs or to at least create the conditions under which jobs will be created? What are you doing in your votes, in your advocacy, in your fight in Washington for jobs? What does that mean? Sometimes we have a better answer than other times. Today, and certainly in the last couple days—and I think we will be debating this for a number of days moving forward and that is a good thing—we will have a better answer to that fundamental question: What are you doing as a public official to create jobs in America?

One of the ways we can kick-start the economy and get job creation moving in the right direction again is by passing legislation such as the legislation that I have introduced, the Middle Class Tax Cut Act. It is now before the Senate, as the Presiding Officer knows, and we have been talking about it already, but we have more work to do on this today and some voting to do today on this legislation.

The legislation is fully paid for and will accomplish two important objectives. No. 1, it will strengthen the economy to support middle-income families, and specifically the way we do that is by providing middle-income families with a cut in the payroll tax, which means take-home pay that will help make ends meet for that worker and that family, but it will also have an impact by boosting demand throughout our economy. No. 2, we will cut payroll taxes for small businesses to help them grow and create jobs.

Here is what most people are confronting, and it is not just the big numbers. There are more than 14 million people out of work across America. In Pennsylvania, the latest number for October was more than 500,000 people out of work. To be exact, it is 513,000 people out of work. That number has fluctuated. Thank goodness it started to go below half a million, but then it bumped again to almost 525,000 so it is at least is moving away from that number.

When half a million people are out of work in a State, you can imagine the hurt the families are feeling, the lives of struggle and sacrifice in our midst, and that is why we have to do some-

thing to jump-start the economy and create jobs.

I think the American people also want us to do this in a bipartisan way and we can and we should. We came together at the end of 2010 and passed a tax bill which was bipartisan. There are elements of that bill that one side or the other did not like, and vehemently so, but we came together in a bipartisan way to pass a tax bill at the end of last year. We need to do the same thing on a payroll tax cut.

We need to work together, Democrats and Republicans, and get a result for the American people. This is something we can do right now—not 6 months from now, not a year from now but right now—to help our families and to create jobs. There is broad agreement that more needs to be done to support the economic recovery. We have to create more jobs, and we have to kick-start the engine of economic growth.

While the economy has added nearly 2.8 million private sector jobs in the past 20 months, we continue to face significant economic challenges. Unemployment across the country, as we all know, is still at about 9 percent, and long-term unemployment remains at record levels, with 4 out of every 10 unemployed workers having been jobless for 6 months or more. We know that gross domestic product—so-called GDP—grew at less than 1 percent, the annual rate, for the first half of the year. So for the first 6 months of 2011, we had less than 1 percent growth. The third quarter of gross domestic product growth was recently revised downward. Initially 2.5 percent, it was revised downward to just a 2 percent annual rate. So it is self-evident that we have to do something right now about jobs. With a weak labor market and only modest economic growth this year, it is clear we have to act right now.

Payroll tax cuts and credits are powerful tools to increase job creation and provide economic relief for middle-income families. The current 2 percent payroll tax cut for working Americans that is in place now has played an important role in sustaining the economic recovery. By the end of this year, 121 million families will have received an average tax cut of more than \$930 based upon last year's action we took to cut the payroll tax. That was a good decision, but, if anything, we need to continue that as well as expand it, and I will explain that as I go forward.

The number of families benefiting from this current payroll tax cut is very large because anyone who receives a paycheck benefits from a cut in payroll tax. Anyone who receives a paycheck gets this cut. Cutting payroll taxes immediately increases the take-home pay of everyone who gets a paycheck.

Compared to reducing the tax rates for the top 1 percent of the American people, more money goes to middle and lower income Americans, who are likely to spend it, if we keep the payroll tax cut in place, and, of course, we

want to expand it as well. Because take-home pay is greater, people have more money in their pockets—as I said, more than 930 bucks this year. This additional take-home pay will result in more spending. When we spend at that level—and a lot of families are spending more, especially during the holiday season—that boosts demands for goods and services and that leads to job creation. This is not theory. This is not some untested theory or hope. We know this works. We did it in 2011, and we have to do more of it in 2012.

The employee side of this—and I will divide this into employee and employer for a second—the employee tax cut expires at the end of this year, as I mentioned. Without congressional action, employees' share of the payroll tax will return to 6.2 percent of earnings, up from the current 4.2-percent level. So we have a payroll tax that has been cut from 6.2 to 4.2. That is in place. But if we do nothing, if we don't act, if we don't pass an extension, that 4.2 percent will go up to 6.2 percent, and it will be a tax increase for families across the board. If we fail to act, these middle-income families will see their payroll tax cut disappear at the end of this year. Let me say that again. If we don't act by the end of December, middle-income families will lose this payroll tax cut that is in place now.

What does this mean? Well, it means basically losing between 900 bucks and 1,000 bucks. And this is take-home pay for workers and their families.

This is a very tough time for families, as I mentioned before, with high unemployment and so many stresses, economic stresses and pressures on their lives. Families who are already facing both declining wages and stubbornly high unemployment, families who are struggling to pay for housing, make car payments, pay the food bill, pay for college tuition, whatever it is in their lives that means making ends meet, are still having a terribly difficult time.

Losing this tax cut would also undermine the recovery by reducing consumer spending. Numerous economists and forecasters have highlighted the dangers to the economy of allowing this payroll tax cut to expire. Independent analysts estimate that letting a 2-percent employee tax cut expire would reduce gross domestic product growth by up to two-thirds of 1 percent in 2012. Mark Zandi, from Moody's, in an article from September 9 of 2011 entitled "An Analysis of the Obama Jobs Plan," made that same point. If we don't continue the payroll tax cut, we will have an adverse impact on economic growth. Goldman Sachs Global ECS Research had a similar conclusion. So this isn't just about individuals losing a payroll tax cut that is in place now, this is about harming in a very adverse way our economy's ability to grow in a substantial way.

Let me talk for a moment about the legislation before us, the Middle Class Tax Cut Act which I introduced.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. CASEY. I ask unanimous consent for an additional 5 minutes.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. CASEY. I thank the Chair.

Let me talk for a moment about the legislation. The legislation before us, as I said before, would both extend and expand the payroll tax cut that is in place right now.

First of all, for employees, we cut it in half. So instead of paying a 6.2-percent payroll tax, the employee, the worker, would pay just 3.1 percent. That has a sizable impact on the economy when we do that—1,500 bucks in the pockets of the average worker in America. Approximately 160 million American workers are impacted and as many as 6.7 million in Pennsylvania. So we would not only keep in place the payroll tax cut for workers, but we want to expand it so it is fully cut in half.

Secondly, I wish to speak for a moment about the employer side of this because that wasn't part of last year's effort. I introduced the payroll tax credit in early 2010 to encourage employers to hire and accelerate the pace of the recovery. A number of folks on both sides of the aisle have worked on this. The ideas of those kinds of tax credits in those kinds of bills we introduced form the foundation of what we are trying to do today. This legislation incorporates elements of my and others' earlier legislation to provide businesses with quarterly incentives to increase their payrolls.

I wish to highlight a couple of elements of the legislation before us.

First, this bill cuts payroll taxes in half for 98 percent of U.S. businesses. These businesses have taxable payrolls of \$5 million or less. They will see their payroll taxes cut in half, as I said before, for the worker as well as the business.

Some people say: OK, that is 98 percent of businesses. That is good news. What about the other 2 percent who have higher incomes?

Those businesses that have taxable income above \$5 million will still get a payroll tax cut from 6.2 percent to 3.1 percent on the first \$5 million of their taxable payroll. So they get it up to that level. So this is a huge benefit to small businesses across the country and even some businesses larger than that.

The Joint Economic Committee, of which I am the chair, recently released a report that indicated that small business lending remains well below pre-recession levels both in the number of loans and the dollar value of those loans. So a lot of small businesses still cannot get access to credit. This payroll tax cut legislation will help those companies substantially to be able to get access to credit.

Finally, I wish to make a point about the legislation as it relates to elimi-

nating the employer's share of the Social Security payroll tax on the first \$50 million of increased payroll in 2012. This isn't just a cut, this is an elimination if they do one of three things: if they are hiring more workers; if they increase the hours, which is another way to get the benefit; thirdly, if they are boosting pay.

This legislation is one of the best ways to create jobs, one of the best ways to kick-start our economy.

I will conclude with this. If we look at the real world of communities across Pennsylvania or across the country, means that if we pass this legislation, for median family income in Pennsylvania, the benefit is \$1,535, a little more than \$1,500. So whether people go to small rural counties or big cities or suburban communities, wherever it is across a State such as ours, workers will be able to put roughly \$1,500 in their pockets for this season coming up when people need some help, and small businesses will be substantially positively impacted by this legislation.

We need to pass this legislation. We need to do it now to help our workers, to help our businesses, and to grow the economy and create jobs.

Thank you, Mr. President.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Missouri.

CERP REFORM

Mrs. McCASKILL. Mr. President, I have offered an amendment to the Defense authorization bill that unfortunately we are not going to get a chance to vote on, but I want to begin talking about it because I think this is something we need to do as we appropriate money for our military for the next year.

I wish to start by saying that I support the mission in Afghanistan, but after years of work on wartime contracting issues and looking at the way we have spent money through contracting in both Iraq and Afghanistan, I have come to a stark and real conclusion about the money we have wasted and continue to waste in this effort.

We are building infrastructure in Afghanistan that we cannot secure and that will not be sustained. Since 2004, the Defense Department—just the Defense Department, not the State Department—has spent more than \$6.9 billion in Iraq and Afghanistan on humanitarian stabilization projects that include infrastructure, energy, and road construction.

Primarily, this has occurred through what is known as the CERP fund. "CERP" stands for "Commanders Emergency Response Program." This began as an effort in the war against insurgencies, the counterinsurgency effort, the COIN strategy. This began as a good idea where the commanders on the ground would have money they could directly access to do small neighborhood projects, to win the hearts and

minds, to secure a neighborhood, to stabilize a community.

These projects were envisioned, when I first came to the Senate, as fixing broken panes of glass in a shopkeeper's window. This program has morphed into something much different than what was envisioned at the beginning of the counterinsurgency effort in Iraq. These \$100 projects, \$1,000 projects, are now hundreds of millions of dollars. In fiscal year 2010, more than 90 percent of the spending in CERP was for projects over \$½ million. At its height in 2009, the authorizations for CERP spending in Afghanistan and Iraq reached \$1.5 billion. And—this is the kicker—the military building large infrastructure projects has not shown a measurable impact on the success of our mission.

I have stacks of studies, and I am such a wonk; I have actually read all of these studies. These are just a few of the studies that have been done by inspectors general, by special inspectors general, by the DOD inspector general, by the Wartime Contracting Commission that Senator WEBB and I put into place to look at all of the wartime contracting issues. Even our own troops have studied the expenditure of these funds. I want to quote their conclusion in a recent study that was completed by the troops that are, in fact, fighting this effort in Afghanistan.

Despite hundreds of millions in investments, there is no persuasive evidence that the Commander's Emergency Response Program has fostered improved interdependent relationships between the host government and the population—arguably the key indicator of counterinsurgency success.

I go on, a direct quote:

The effectiveness of CERP in advancing our counterinsurgency objectives in Afghanistan has yet to be operationalized or well documented. The relationship between development assistance and counterinsurgency is being increasingly challenged in the academic and practitioner fields with only unsubstantiated assertions and the occasional anecdote offered as counterargument. There are no clear objectives for a program that funds everything from immediate emergency relief to multi-year, multi-million dollar road projects. The lack of proper incentives and accountability measures have rendered CERP and similar funds an extractive industry for construction companies, nongovernmental organizations, and multiple Afghan government ministries, fueling rather than fighting corruption, community insecurity and insurgent coercion.

Finding and defeating terrorists, fighting the Taliban, securing strategic victories against al-Qaida, training the Afghanistan military and police—all of these things I support. But this amount of money being spent on large infrastructure projects that cannot be sustained we must end.

In an unprecedented fashion, our military—not the State Department—has embarked upon these massive projects. This year, for the first time in this authorization, there is now a new Afghanistan Reconstruction Fund to get around the limits that have been placed on the size of projects in the CERP fund. I call this fund the "son of