

“Joint resolution proposing a balanced budget amendment to the Constitution of the United States”

AMENDMENT NO. 1460

To amend the title so as to read:

“Joint resolution proposing a balanced budget amendment to the Constitution of the United States”

RECESS

Mr. DURBIN. Madam President, I ask unanimous consent to recess under the previous order.

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, at 12:28 p.m., the Senate recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

PROPOSING AN AMENDMENT TO THE CONSTITUTION RELATIVE TO REQUIRING A BALANCED BUDGET—S.J. RES. 24—Continued

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES RELATIVE TO BALANCING THE BUDGET—S.J. RES. 10—Continued

The PRESIDING OFFICER (Mr. WEBB). The Senator from Vermont.

Mr. LEAHY. Mr. President, it occurs to me that all Senators swear an oath to support and defend the Constitution of the United States. I carry a copy around with me. It is our duty. It is our responsibility. But the pending amendments to the Constitution that are on the floor of the Senate threaten the constitutional principles that have sustained our democracy for more than 200 years.

In addressing the Nation's debt and deficit, what is lacking are not phrases in our Constitution. What is lacking is the seriousness within today's Congress to act, and the willingness in Congress to cooperate in forgoing solutions that meet the real needs of our country and its people. These are human failures, not the failure of our constitutional framework. Nor are these failures insoluble or inherent. We balanced the budget and even created budget surpluses less than two decades ago.

Now we are being asked to put the problem once again under the pillow for another day—this radical partisan proposal would be out of place in our national charter.

Never in our history have we amended the Constitution—the work of our Founders—to impose budgetary restrictions that require supermajorities for passing legislation. Yet now it seems every Member on the other side of the aisle has joined to put forth a radical proposal to burden our Constitution with both of these kinds of strictures.

The Hatch-McConnell proposal is different in kind than any other amendment to our Constitution. It is not con-

sistent with the design of our founding document or the stance taken by our Founding Fathers.

It is a bad idea to write fiscal policy into our Nation's most fundamental charter. It is simply unnecessary. We do not need a balanced budget amendment to balance a budget. A vote for this amendment does absolutely nothing to get our fiscal house in order. Congress can work to continue our economic recovery. We can pass the appropriate legislation that leads to a Federal balanced budget, just as we did in the early 1990s.

I remember that very well because I was here. I remember, in this body, not a single Republican voted to balance the budget. It took the Democrats in the Senate and the Vice President of the United States to pass that balanced budget. Not a single Republican voted for a balanced budget in the House. They gave a lot of speeches on the floor that if we passed that balanced budget amendment, everything would come to a screeching halt. Actually, what happened was we passed it, and President Clinton was able to leave his successor a huge surplus.

With a growing economy, with what we did by votes in the House and the Senate—not by a constitutional amendment—we were able to create significant budget surpluses and pay down the debt until those surpluses were squandered. We have done it before. We can do it again. We need only work together to make the tough decisions, not to pass something that is a feel-good, bumper-sticker kind of item which kicks the can down the road and binds future Congresses to a fiscal proposal that is fundamentally unsound and the consequences of which are not understood.

The Republican proposal in the Senate is significantly more radical than the version the House of Representatives rejected in a bipartisan vote last month. In fact, the Hatch-McConnell constitutional amendment is the most extreme of all the pending proposals. The proposal, by its terms, will neither balance the budget nor pay down the Nation's debt, something everybody says they want. Instead, at a time of partisan brinksmanship that has led to the first-ever downgrading of our country's credit rating this summer and when ideological gridlock is the Republicans' operating principle, it would require supermajorities to pass legislation for the first time in our Nation's history. It would require a supermajority to raise the debt ceiling in times of economic crisis. Did we learn nothing from the disaster we went through last summer, which should have been a routine lifting of the debt ceiling and became a political free-for-all for weeks and months, cost the American taxpayers billions of dollars and caused people to lose their retirement money in the stock market? Do we want to do that again? I hope the Senate rejects this proposal.

Two weeks ago, the Judiciary Committee's Subcommittee on the Con-

stitution held a hearing to examine the Hatch-McConnell proposal. All those witnesses, including those who were invited by the measure's cosponsors, presented thoughtful critiques of this extreme proposal and voiced serious concerns about its wording. Even Republican cosponsors discussed possible changes to the language in order to better achieve their goals. This is not the proposal that Senator HATCH previously favored. This is one of more than two dozen pending versions. In fact, we were not told which of the many versions of the proposal would be pending until yesterday. This proposal has not been considered by the Constitution Subcommittee or the Judiciary Committee. The House of Representatives has already voted down a less-extreme version of this proposal by a bipartisan majority. Yet here is the Senate of the United States, being forced to vote on some proposal for a constitutional amendment without doing any of the hard work or the votes that are expected to accompany an amendment to America's Constitution. This is no way for the Senate to proceed on a proposed constitutional amendment. This is not some feel-good resolution. We are talking about amending America's charter.

The Hatch-McConnell proposal contains many problematic provisions and it leaves many significant questions unanswered. Section 10 of this proposal relies on estimates for outlays and receipts. We know that economists' estimates and recommendations do not always agree. So what do these proposed constitutional provisions really mean? We know that estimates are not static but ever changing. What if during the course of a fiscal year, there was a natural disaster, a terrorist attack, or a shift in the economy? What then? What if estimates were recalculated or revised, as employment statistics are every month? Would that make every penny expended by the Government over a revised estimate unconstitutional? Would that mean we could not help disaster victims or could not respond to a terrorist attack?

Another provision would limit total outlays for each fiscal year to 18 percent not 16, not 20, not 17.9 of the previous year's Gross Domestic Product (GDP). But who is to decide what the "GDP" was for a particular time period? What is to be included and what is not? How often do those estimates and artificial constructs get revised? Since when do economic surveys and shifting estimates belong in the Constitution? And what policy decision justifies the constitutional permanence of the number 18? I note that not even the budget proposed this year by Representative RYAN and the House Republicans, with all its draconian cuts and the end of Medicare as we know it, would satisfy this arbitrary 18 percent of GDP limit. None of the budgets proposed by or passed under President Reagan, not one, would have satisfied this proposal. At the end of the Bush

administration we survived the worst economic downturn since the Great Depression and are now in economic recovery. This is not the time to enact such a measure which would take us in the wrong direction. We cannot “cut” our way to a balanced budget without imposing great suffering. It would tank the economy rather than aid our continuing recovery.

Besides its arbitrary nature, limiting outlays to 18 percent of the previous year's GDP would leave Congress unable to respond swiftly and effectively to economic downturns and natural disasters. The Hatch-McConnell proposal would require a two-thirds supermajority to spend in excess of 18 percent of the previous year's GDP for a specific purpose. Filibusters and requirements for supermajorities have become routine to the detriment of the American people. They have stymied congressional action on behalf of the American people. This proposal would give a minority in Congress even more power to hold the country and our economy hostage. Have we not seen what that can mean? Have the lessons of the last year been lost on the Senate?

The Hatch-McConnell proposal would make permanent bad policy choices. Section 4 is a transparent attempt to enshrine tax breaks for millionaires and wealthy corporations by requiring a two-thirds supermajority to impose any new tax or even to close existing tax loopholes. We need a balanced approach to fix the deficit problem. And the wealthiest among us are those who least need a heavy hand on the scales in favor of their interests.

Let's look at what has happened. We have fought two unfunded wars. It is the first time in our history that we not only did not pass a tax to pay for a war we are in but actually passed a tax cut and borrowed money to pay for these wars. We squandered the surpluses the last administration inherited, ran up deficits and the national debt.

I would remind everybody, we can achieve a balanced budget. We have done it before. Working with President Clinton, Democrats in Congress voted for a balanced budget. But I don't want to hear lectures from the other side, when every single Republican voted no the last time we had a successful balanced budget. Our strong economy in the Clinton years led to budget surpluses. If we are serious about reducing the deficit and paying down our debt, we need to get to work improving our economy, getting Americans back to work, and continuing to recover from the worst economic conditions since the Great Depression.

One of the most glaring problems with this proposal is it provides no clear enforcement mechanism or standards for enforcement. Section 8 of the Hatch-McConnell proposal expressly prohibits courts from increasing revenues to enforce the amendment, but remains silent on judicial enforcement of

the amendment by cutting spending. This proposal assumes our Federal courts are equipped to enforce this amendment. Do we want to say we will simply relinquish Congress's constitutional power of the purse to an unelected judiciary with no budget experience—something no Congress, Republican or Democratically controlled—has ever done before? Do we want judges deciding fiscal policy? Do we want judges to decide whether we cut Social Security or Medicare?

I recently asked Justice Scalia at a hearing before the Senate Judiciary Committee whether the Federal judiciary was equipped to handle such a task—the same task my friends on the other side of the aisle want the Federal judiciary to do. Do you know how he answered? He laughed. He indicated that budget issues and determining the allocation of resources is not the judiciary's proper role. Of course he is right, and I expect this is one area where all nine members of the Supreme Court would have answered the same. The proponents of this effort to transform courts into budget-cutting bodies are wrong. The Republican proposal does not even make clear who, if anyone, has standing to bring such challenges in court. None of these questions has been adequately debated or considered. Such a drastic change to the time-honored role of the judicial branch of our government should not be written into our Constitution presumptuously.

In addition to all these concerns, the American people need to understand what the real-world effect of such an amendment would be on their daily lives. In the Senate Judiciary Committee, we received alarming testimony from the president-elect of AARP, warning of the damaging effects such a constitutional amendment would have on Social Security, Medicare, and Medicaid. He testified that if such a constitutional amendment were in place today, the average Social Security benefit would be cut by 27 percent. Maybe that is what Members of this body want to do, cut Social Security by 27 percent. I do not. Do they want to balance the budget on the backs of hard-working, lower income, and elderly Americans by drastically cutting the safety net? I would say that is not the answer to our economic challenges, especially as we continue to give tax breaks to millionaires and continue to fight unfunded wars.

The notion of amending the Constitution to require a balanced budget is not new. The Senate rejected balanced budget amendments in 1995, 1996, and 1997. We proved after the Reagan and Bush administrations had tripled the national debt that we could through hard work and legislation, balance the budget. That is what Congress did in the late 1990s. We helped create hundreds of millions of dollars in surpluses that were paying down the national debt. Those surpluses were squandered by tax cuts for the wealthy and two un-

funded wars. That is the cause of our budget imbalance.

We should not, for the first time in American history, amend the Constitution to set fiscal policy. It is a bad idea. It is even more irresponsible to consider doing so when we do not yet understand the full weight of the consequences of who is going to bear the burden.

I have never seen the solemn duty of protecting the Constitution treated in such a cavalier manner as it is today. I have heard many say they revere the Constitution. Let us show it the respect it deserves rather than treating it like a blog entry or a bumper-sticker slogan. Let us not be so vain in this body to think we know better than our Founders and better than the constitutional Framers who preserved our liberties for more than 200 years.

Our constitutional principles have served the test of time. They deserve protection. I will stand with the Constitution. I will stand with the Constitution of this country, and I will oppose this ill-conceived proposal to amend it.

I ask unanimous consent to have printed in the RECORD my full statement, and I yield the floor.

THE PRESIDING OFFICER. The Senator from Iowa.

MR. GRASSLEY. Mr. President, I have the good fortune of serving with Senator LEAHY on the Senate Judiciary Committee. He is the chairman; I am the ranking Republican. In that capacity, we have jurisdiction over constitutional amendments. So I rise to support S.J. Res. 10, which is cosponsored by all 47 Republicans.

I am very pleased we are taking up a balanced budget amendment. The Senate has passed a balanced budget amendment in the past. More recently, it has come close to passing a balanced budget amendment.

I regret that this amendment has not become law. I believe that had the Constitution been amended to require a balanced budget, we would not be faced with the dire budgetary situation that is before us—a \$1.5 trillion deficit for each of the last 2 or 3 years, and maybe as far as we can see into the future if we don't get things under control.

The balanced budget amendment before us is very straightforward. It provides that total outlays shall not exceed total receipts unless each House of Congress, by a two-thirds vote, agrees to do otherwise. It provides spending discipline. Total outlays cannot exceed 18 percent of gross domestic product unless two-thirds of both Houses of Congress vote to waive the cap. The President will be required to submit a balanced budget to the Congress.

To avoid balancing the budget by imposing tax burdens, new taxes or increases in total revenue can be imposed only by a two-thirds vote of both Houses, and the debt limit will be able to be raised only with concurrence of three-fifths of both Houses.

To provide a level of flexibility in wartime—and that would call for considerable flexibility because wars are

never predictable—the provisions on outlays and receipts, total outlays, and the debt limit can be overcome by less than the normal two-thirds vote by a three-fifths vote.

To minimize disruption, the amendment will not take place for 5 years.

Finally, the courts cannot enforce the balanced budget amendment by ordering a tax increase.

Reverence for the Constitution is a sentiment we all share. But the Constitution provides for an amendment process. When it is necessary, each generation has amended the Constitution when a guarantee of free speech or the abolition of slavery or giving women the right to vote required a constitutional amendment. No one has said reverence for the Constitution was the end of the matter.

We have reached that point of necessity with the balanced budget amendment. The Congressional Research Service reports—and I wish to quote a fairly long quote:

The budget deficit each year from 2009 to 2011 has been the highest ever in dollar terms, and significantly higher as a share of GDP than at any time since World War II. Under current policies, the Federal debt is projected to grow more quickly than the GDP, leading observers to term it unsustainable.

That is the end of the quote from the CRS.

The very purpose of the Constitution, according to its preamble—and I know the preamble is not governing on anything we do or what the Supreme Court does, but it shows intention—the preamble was meant to extend the blessings of liberty to ourselves and our posterity—and I want to emphasize that word “posterity.” It is because the growth in the national debt is unsustainable, as I read from the Congressional Research Service, that our posterity may not receive the blessings that several generations of Americans so far have received. It is hard to imagine an amendment more in keeping with the goals of the Constitution than this one. Otherwise, runaway debt will expand exponentially. A permanent spiral can be created in which the debt feeds on itself. We are kind of in that spiral right now. Is it permanent? I sure hope not.

Take a look at Europe today, where we ought to learn lessons about the lack of fiscal soundness. Nations there risk default when they overspend, and they are in that position of almost default now. If we are not careful, our country, the United States, at some point will face the same crisis. It is frightening to contemplate, and particularly frightening as a threat to the blessings we ought to give to generations after us.

We hear from opponents that Congress can balance the budget now without a balanced budget amendment, but the fact is it cannot. For more than 40 years, Congress has been unable to summon the ability to balance the budget. Statutes that sought to provide a path to a balanced budget failed.

Let me speak here about a personal involvement I had when I was a Member of the other body, working with Senator Harry Flood Byrd of Virginia. The Byrd-Grassley amendment was adopted in either 1979 or 1980. It was a statute that was just a few words. It said Congress can't spend any more money than it takes in.

Do you know what happened? For several years after that until it was finally repealed in the early 1990s, Congress delayed it for a year at a time as part of the appropriations process. So statutes are not a good way of making this happen. Gramm-Rudman was probably a little more successful, at least once or twice, but it soon was repealed. By putting something in the Constitution requiring a balanced budget, it is going to discipline Congress in a way that statutes cannot provide discipline; in other words, a constitutional amendment will succeed where statutes have been proven to have failed based upon the examples I gave and other examples that can be given.

The only exception was when we had 3 years going into this century when a financial bubble provided windfall revenues. We all know about that. I believe it is \$568 billion we paid down on the national debt for 4 fiscal years after a Republican Congress was elected in 1994.

Anyway, except for that, we have not been able to have very sound fiscal policy. Then because Congress has been unable to control spending, the budgets have been in deficit and the national debt has increased. The only way Congress will exercise the discipline to balance the budget is if the Constitution forces it to do so.

We can say this from some experience, particularly if you believe the States are the laboratories of our political process and of government policy, because 46 State constitutions require their budgets to be in balance. They meet that requirement. As Members of Congress, we do take an oath to adhere to and defend the Constitution. We take that oath seriously. If the balanced budget amendment became part of the Constitution, we would adhere to it or face the consequences from the voters.

This amendment wisely contains effective tax limitations as an integral part. I have favored a balanced budget with tax limitations for more than 20 years. For decades, Federal spending has far outpaced even the steady and sizable growth in taxes and revenues. Raising taxes does not produce surpluses. The historical fact is they spur more spending. For every additional dollar in taxes Congress has raised since World War II, it seems as though it has given us a license to spend about \$1.13 for every \$1 that has come in for additional taxes.

Don't take my word for that. A person who studied that for a long period of time, Professor Vedder, of Ohio University, has written about that. You will find his figures just about the

same. I think he said on average since World War II, \$1 coming into the Treasury was a license to spend \$1.17 instead of the \$1.13 I give here.

Raising taxes, then, would make balancing the budget harder, not easier. Bring a dollar in here, spend \$1.13. You hardly get ahead. It seems we cannot ever reach an agreement of how high taxes have to be in this body to satisfy the appetite of Congress to spend money. That is not just a Democratic problem, that is a problem on both sides of the aisle here in Congress.

That brings us to this issue about a supermajority requirement for tax increases. A balanced budget amendment may well encourage tax increases, fueling greater spending and the continuation of additional debt and costs in servicing that debt. The failure to balance the budget is a fiscal issue of greatest importance.

But getting back to our obligations to posterity under our Constitution, it is also a moral issue. Maybe the moral aspects of it are more important than the economic aspects of it. Without a balanced budget amendment, our children and grandchildren will pay for this generation's chronic inability to live within its means. We live high on the hog and worry about our children and grandchildren paying for it.

In the absence of an amendment, the standard of living of future generations will likely decline. The fears of many Americans that the next generation will not live as well as this one are in many respects traceable to decades of fiscal irresponsibility on the part of Congress. This balanced budget amendment would mean a stronger economy. It would surely mean good government, as fiscal responsibility ought to be a part of good government. Obviously people are concerned now about the problem of jobs. Employers are particularly concerned that Congress does not have a sound fiscal policy. That leads them not to hire anybody. A balanced budget is going to mean more jobs.

I believe the American people are willing to do their part to prevent future generations from being saddled with an unconscionable level of debt. They are willing to do so even if it means that some Federal spending they support would be affected. This is especially true if our budgeting is done fairly.

I believe if one listens closely to the arguments of the opponents of this measure, one will hear more arguments against a balanced budget than against a balanced budget amendment. There will need to be difficult actions taken. It is those difficulties that have prevented Congress from balancing the budget. Those difficulties are, therefore, reasons for a constitutional amendment, not reasons against a constitutional amendment. But balancing the budget is necessary and it will take an amendment to the Constitution of the United States of America to make sure it is done consistently.

We also hear arguments about the need to run deficits when the economy is in a recession. That kind of brings us to where we are right now. We have been in a recession for 3 years. The amendment before us permits Congress to vote to run a deficit in that situation, but be skeptical of that argument. If deficits and debt gave us a strong economy, right now we would be in the midst of the greatest economic boom in our history. Obviously we are not in that economic boom. Deficits of \$1 trillion-plus and a national debt of \$15 trillion are not stabilizing the economy in the way that people who argue that maybe in a time of recession you ought to have a lot of deficit spending have claimed.

In fact, I believe the size of the deficit and debt is one reason the economy is not performing well. The size of looming deficits and debt is another. The markets are not viewing the debt as stabilizing a weak economy. Rather, they view it correctly as a drag on the economy. That is why jobs are not being created. That is why corporations have \$1 trillion in their treasuries in the United States, \$1 trillion in their treasuries overseas, \$2 trillion that is not being spent, that is not making corporations any money. It is lying there. They want to invest it in jobs and machinery and get the economy going and make more money.

On the issue of enforcement, the opponents attack straw men. They say either that the amendment cannot be enforced, so it is toothless, or they say the courts will enforce it, leading to chaos. Both of these arguments cannot be true. This amendment will be enforced by the President submitting a balanced budget and Congress complying with the amendment, as do State legislators all over the country. Members take an oath and voters will punish those who do not obey the constitutional command.

With respect to the courts, the text of the amendment prohibits courts from raising taxes. Of course, judicial standing requirements, ripeness, and the doctrine of political questions will mean that the courts will continue to lack the power of the purse, as has been the case throughout 225 years of history of our country.

In the past dozen years, Congress has been unable to balance the budget even when times are good. Had we passed a balanced budget amendment when it was before us in the past, we would not have racked up the huge deficits that now confront us.

We have heard in the past that a balanced budget amendment was not necessary because Congress could balance the budget on its own. We know how successful Congress has been doing that. Those arguments were wrong. Today we face one of the worst debt pictures in our history. If nothing is done, the future will be even worse. We owe a responsibility to the American people and to future generations to maintain the fiscal discipline that has

allowed us to be the world's biggest economy.

Our pleas for a balanced budget amendment have been denied by its opponents in the past. We warned at that time what road lay ahead if we failed to pass a balanced budget amendment. Time has unfortunately proved us right. It is not too late if we act now, but time is growing shorter each year.

I urge my colleagues to do the right thing and enact a constitutional requirement that the budget be balanced.

I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. UDALL of Colorado. Mr. President, I rise to speak in favor of legislation I have authored to amend the United States Constitution to require that Congress balance the Federal budget. The Senate's debate on the balanced budget amendment, which will occur over the next few days, is an incredibly important debate. It is a debate that will spark a wide range of emotions and it will test our policies, goals, and philosophies. Thus, I want to recognize at the outset that we hold strong and differing opinions about the wisdom of adding a balanced budget amendment to our U.S. Constitution. Amending the Constitution is not something any of us in the Senate takes lightly. In fact, we have only amended our Constitution some 27 times in the history of our Nation. Our Founding Fathers in their wisdom designed the Constitution to discourage amendments. They created a high hurdle to clear before an amendment can be passed by the Congress and ratified by the States.

I intend today to make a case for why my proposal, which has been cosponsored by several of our colleagues, meets that elevated standard. Today I aim to explain why this balanced budget amendment will help restore the fiscal health of our Nation, protect our national security, and spur our future competitiveness in the global economic race.

Let me start by discussing some basic facts that color this debate. First, our government debt now totals over \$15 trillion. That is \$48,000 for every man, woman, and child in our country. Let me say that again: \$48,000 for every man, woman, and child. Moreover, we borrow 40 cents of every dollar that the Federal Government spends. The total amount of public debt now held by us equals 68 percent, almost 69 percent, of our gross domestic product. That reflects a level rarely seen in our country's history.

Finally, in August of this year, one of the major credit agencies downgraded our Nation's credit rating because of Congress's inability to work in a bipartisan manner to reduce our debt. I don't think I have to tell the viewers that the last thing our struggling economy or job creation efforts needed was that downgrade. It is little wonder that Americans hold us in such low regard or that other countries won-

der what we are doing in the Nation's Capitol.

I could go on and on, but I will not. These facts are appalling enough to most Americans. These are hard-working Americans who balance their checkbooks on a weekly and monthly basis. It is appalling to me that Congress is so unable to resist the temptation to spend without limit while also trying to keep taxes as low as possible. We have even been willing to watch the debt grow to a level where national security experts are telling us that our own self-created problem is a bigger threat than any of our enemies.

In the last several years Congress has taken steps to try to reach an agreement on how to reduce our deficit and pay down our debt. Many of us have spent countless hours working in bipartisan groups to chart a commonsense balanced debt reduction plan. I have not given up hope that we may eventually reach a comprehensive plan to cut spending, reform the Tax Code, and shore up programs such as Social Security and Medicare which are critical to our Nation's middle class. To give up on that goal would be to say to hard-working Americans, we are not serious about ensuring that the American dream is within everyone's reach. After watching Congress struggle to reach even a basic plan to cut spending or reasonably raise new revenues to pay our bills, I am convinced we need additional tools that force fiscal discipline. If we don't put limits on how Congress does its budgeting, the question won't be whether we can stop the bleeding, it will be how much do we cut to the bone or even into vital organs the programs that we value. In other words, without some fundamental reforms now, the foundations of our government will be severely weakened later.

To be sure, a balanced budget amendment will not solve the problem on its own, but a reasonable balanced budget amendment would help us ensure we never get into this position again. Passing my middle-ground, commonsense balanced budget amendment would send a strong signal to the financial markets, U.S. businesses, and the American people that we are serious about stabilizing our budget for the long term. That is the signal they want to see to give them the confidence to expand and create jobs.

Before I move to making the case for specifics in my balanced budget proposal, I want to make a few points about exactly how our skyrocketing national debt affects all of us. As a start, our debt threatens investments we need to make. It harms our ability to compete with countries around the world, it inhibits job growth here at home, and it dampens our innovative spirit. If we don't address our debt now, it would sap the economic power that has enabled our Nation to become the most powerful force on the globe.

Throughout most of our history—perhaps aside from the Great Depression—our economic strength has enabled the

United States to create an environment that is good for business. This strength has then helped our own people on our Main Streets thrive in communities all over Colorado and across our Nation, and it has meant that every generation has been able to build on their parents' success, seize opportunity, and live the American dream. We all know this is what has made the United States exceptional. But today across our great country, families are wondering whether the American dream is still within their reach. Whether you are a college graduate and living at home because you are unable to find a job or a middle-aged factory worker laid off for the second or the third time struggling to pay your bills, our economic future seems a bit tougher.

Our country has endured a terrible economic slump for over 3 years now. In order to move quickly to turn things around, we need businesses to hire again. Business and community leaders across Colorado and elsewhere have told me that in order to have the confidence to do that, they need to know our national debt is not poised to send our economy off a cliff. The co-chairman of President Obama's bipartisan commission on debt reduction tapped into that sentiment and called our debt a cancer that is eating away at our economic health. Beyond pure economic factors, our growing debt burdens us more broadly.

The former Chairman of the Joint Chiefs of Staff, for whom we all have enormous respect, ADM Mike Mullen, warned that our national debt is "the single biggest threat to our national security." By now these are familiar arguments here on the floor of the Senate. We know the challenges that confront us. The problem is Congress is not doing what every economist and every one of us in this body acknowledges we must do, and that is get our out-of-control budget under control. We all have our theories for why this is the case. I personally believe that part of the problem is the nature of Congress itself. We are all temporary single Members of a greater body. We each have our own constituents, goals, and responsibilities. It is sure tempting to come to Washington, fight like hell for our corner of the Nation, and lose sight of or willfully ignore the bigger picture. As Members of Congress, it seems as if we are hardwired to fight for results that are important to our constituents and our political ideologies.

Let me give you a couple of examples. Democrats are reticent to support meaningful adjustments in entitlement spending, and many of my Republican friends turn a blind eye to the revenues needed to support retiring baby boomers and our national security needs.

My father, who had the great privilege of serving for 30 years in the House of Representatives as a Congressman from southern Arizona, witnessed this same phenomenon several decades ago,

and he used to recall the advice that was given to freshmen House Members. That advice was: "If you want to get ahead in Congress, do two things—vote for every appropriations bill and against every tax bill."

In many ways the Federal budget deficits we face are so daunting today because too many Members of Congress have taken that advice literally over the past decades, but also because it is what Americans expected of us. It is only natural that people want the best of both worlds. We cannot continue down this budgetary path and hope that the results will be any different than they have been in the past.

In fact, the results get worse by the day. Based on what I hear from Coloradans, our constituents are now ready to make a little sacrifice. They are ready for us to make some tough decisions that may cause a little budget pain. Americans now get it, and that is why it is time for some serious action. A balanced budget amendment to our Constitution is serious action. It would require us to consider our larger, collective obligation to the national economy.

I will admit that my support of the balanced budget amendment has not made me particularly popular with some of my Democratic colleagues. Democrats traditionally have not been big fans of the balanced budget amendment idea. These days Democrats are suspicious that balanced budget proposals are a Trojan horse. They look good on the surface, but actually they are designed to further dismantle government programs that most Americans value. But a few decades ago Democrats were leading the charge for a reasonable balanced budget amendment.

Most notably, Senator Paul Simon of Illinois—a progressive and serious-minded legislator—was perhaps the greatest champion of a balanced budget, and I want to share with my colleagues some of his words. In debating the balanced budget amendment in 1993, Senator Simon said the following, which he addressed to his fellow progressives:

I am here to tell you that the course we are on, unless it is changed soon, absolutely threatens all of the programs that you and I have fought for and believe in so strongly. The fiscal folly that we followed for more than a decade has brought us to a crossroads. We face a basic decision, whether through default or through our actions to choose wisely the course that will lead us away from the brink.

If we do not act, interest payouts will spiral upward until they consume not only Social Security but health care, education, transportation investments—every need on our national agenda. My warning to you today is that a rising tide of red ink sinks all boats.

That is a powerful warning from a very wise and respected colleague. His warning is even more serious in December of 2011 than it was in 1993.

There are not any easy answers here, especially since our aging population

and the post-9/11 national security needs have squeezed our Nation's budget in ways we have seldom seen in our country's history. But it is time for us to listen to hard-working Americans who are telling us loudly and clearly, make the tough decisions necessary to get our national debt under control. So I say to my colleagues here today, it is time to put aside our political differences, check ultimatums at the door, work across the aisle, and challenge ourselves to put our country first.

I want to reiterate a point I made earlier, which is that a balanced budget amendment is not the sole answer to the problems we face. It is not a perfect solution, and I recognize that. For example, it will not help us deal with our current debt, much less reduce it. For that we need a comprehensive plan along the lines of the recommendations of President Obama's bipartisan commission. It has been headed by former Clinton Chief of Staff Erskine Bowles and former Senator Al Simpson.

Two years ago I helped create the Bowles-Simpson Commission, and I continue to believe its recommendations, which would lower the debt by more than \$4 trillion over the next decade, are the best place to start on a path toward fiscal soundness. Let's own up to the mistakes of our past and take charge of the opportunity staring us in the face by passing the Bowles-Simpson debt reduction plan. That plan would require all of us to put some skin in the game, and it represents our best path to balance our books.

I have also fought for bipartisan proposals to create a Presidential line-item veto to ban earmarks and to enforce pay-as-you-go budgeting. These should all be and could be and must be tools in our responsible budgeting toolbox. Even though we have to find the courage to get our current fiscal house in order, we also need to have stronger rules in place to ensure Congress is not tempted to fall off the wagon in the future. In my view, passing a balanced budget amendment to prevent us from ever again trading fiscal responsibility for political expediency is a critical step we must take.

That long windup brings me to the balanced budget amendment proposals under debate in the U.S. Congress today. Let me start by saying that I was pleasantly surprised to see last month the U.S. House of Representatives pursue a balanced budget amendment that was more realistic than what some of my Republican colleagues here in the U.S. Senate have proposed. The House proposal required a balanced budget unless three-fifths of the House and Senate agreed there was an economic downturn, a national disaster, or another emergency that required temporary expenditures and increases thereon.

It was a straightforward measure, and it was designed to garner a broad range of support. However, the House

proposal fell short by nearly two dozen votes, largely because it did not win enough support from Democrats. As we know, in order for a balanced budget amendment to succeed, it must be bipartisan. So I was surprised to see that after the House balanced budget amendment failed, instead of seeking to find consensus with those who could bring along additional Democratic votes like me, my colleagues in the Senate on the other side of the aisle, led by my dear friend Senator HATCH, have taken an altogether different route.

There are important differences between the two approaches the Senate will vote on this week, my amendment and Senator HATCH's amendment. So I want to spend some time differentiating between the two proposals because they represent two philosophically different ideas. We will have a vote on both of these proposals later this week.

Balancing our books is a simple equation based on the principle that our Nation is healthier without an unreasonably large debt load. Members of both parties can agree on that. Yet Senator HATCH's proposal goes a number of steps further and seemingly seeks to shrink government altogether. Not only does it require an unwieldy two-thirds majority to waive it in case of national emergencies, it also locks in special interest tax breaks and could weaken Social Security, Medicare, and other important programs that are supported by a vast majority of Americans.

Ironically, Senator HATCH's proposal—at least by some analyses—could jeopardize our national defense as well. Why do I say that?

I see my dear friend on the Senate floor. I look forward to engaging with him over the course of this important debate.

The Republican proposal prevents government from spending more than 18 percent of gross domestic product, which is less than the historical average, less than what George W. Bush spent, less than what Ronald Reagan spent, and less than what is required to care for our Nation's seniors and protect our homeland against terrorist attacks. Quite simply, to my way of looking at this, Senator HATCH's alternative proposal goes too far and has the potential to harm our middle class and future economic growth.

So what am I proposing? Well, let me tell you what I think my proposal would do, and I would note that it is cosponsored by a number of my colleagues from across the country.

My amendment would allow us to avoid the mistakes of the last decade without locking ourselves into a requirement that could tie our hands in an emergency. In such a case, if we tie our hands, we could make our economy worse for the middle class and small businesses and therefore for all of us.

My balanced budget amendment proposes and incorporates a big dose of

Colorado common sense. It is aimed at finding common ground that both parties and a big majority of Americans can support. It starts with a strict requirement for balancing our books. My proposal would then allow deficits only when three-fifths of the House and Senate vote to address serious economic downturns or a war or other emergencies. However, it would also prevent some of the worst mistakes Congress has made in the past 10 years. For example, it would prevent deficit-busting tax breaks for Americans who earn \$1 million or more per year. I think the Presiding Officer and I have a fundamental question. We wonder why we should continue to give tax breaks to the wealthiest among us during times when we are running huge deficits and aggregating debt like never before.

My amendment would also create a Social Security lockbox to keep Congress from raiding the trust fund to hide the true size of our annual deficits. Right now, the Treasury Department owes close to \$3 trillion to the Social Security Administration. What I want to do is to see that never again is Social Security used as a slush fund to remedy our budgeting problems.

In sum, my proposal upholds the principle that we should pay for our government in a responsible manner, with waiver authority to be used only in exceptional circumstances. I think most Americans could agree to that. Coloradans certainly do.

I encourage all of my colleagues to acknowledge that passing a balanced budget amendment will require some flexibility and cooperation, and my version is designed to do just that. It is meant to bridge the divide between us.

The American people are demanding that we get our fiscal house in order. As usual, they are a few steps ahead of us. We have an opportunity to catch up to the American people. So I am here on the floor of the Senate today to ask my colleagues of both parties and both Chambers to support my proposal. As I have said, amending the Constitution may not be the solution desired by many in this Chamber. It is not something to be done without great thought. I, therefore, look forward to an honest and spirited dialog about the balanced budget amendment. I look forward to discussing the best ways to dig ourselves out from under our suffocating debt in a way that will encourage investment and job creation and help Americans and small businesses feel secure about their economic future. Our children's future depends on it.

I yield the floor.

The PRESIDING OFFICER (Mr. FRANKEN). The Senator from Utah.

Mr. HATCH. Mr. President, I care a great deal for my colleague from Colorado, and I appreciate his explanation of his amendment. Unfortunately, as I view his amendment, it might work as long as you accept the ratchet up of spending and taxing. That is what we are trying to stop around here. His S.J.

Res 24 would be a band-aid on the system. It does not address the cause of our unbalanced budgets. An amendment that does not limit spending and does not limit taxes will never solve this crisis. It is just that simple. And to work, they have to use budget gimmicks.

I wish to begin by thanking my friend, the ranking member of the Judiciary Committee, Senator GRASSLEY. In his service on the committee, he has always been a champion of our limited government, and with his remarks today he has again proven himself a strong advocate of constitutional government. So, too, my good friend and collaborator on a balanced budget amendment, Senator CORNYN, deserves recognition, as well as my partner in the Senate, MIKE LEE, and a whole raft of others—47, to be exact. Earlier today, Senator CORNYN highlighted admirably the threat our debt poses to the liberty and prosperity of all of America's citizens. And although he has not spoken yet, I know in advance that my friend and colleague from Utah, Senator MIKE LEE, with whom I worked closely in drafting S.J. Res 10, will deliver powerful remarks later today in support of this amendment and about the importance of restoring meaningful limits on the power of the Federal Government.

Today we are engaged in a historic debate. You might not know it from the amount of time dedicated to the subject, but I am confident that when the history of our country is written, today will be marked as a turning point.

Today is the day that every Republican in the Senate stood up for a strong balanced budget amendment that will begin to restore this Nation's fiscal integrity. It is the day that conservatives stood up and supported a constitutional amendment that would reset the limit on the size and power of a federal government that has grown far too large. It is the day that the people of this country stood up for serious constitutional limits on Congress and the President, who have spent with impunity for far too long.

We are having this debate for a simple reason: Our Nation is now \$15 trillion—actually more than \$15 trillion and going up every day—in debt. This chart shows just how much it was just a few minutes ago. It is important to put this number in perspective.

The Nation achieved the ignominious landmark of a trillion-dollar deficit in President Obama's first year in office. We are now in our third straight year of trillion-dollar deficits. The Federal Government is now borrowing more than 40 cents of every dollar it spends. The burden of this debt is more than \$48,000 for every man, woman, and child in America.

The Congressional Budget Office projects that interest payments alone on all of this debt will total \$4.5 trillion, crowding out many other national priorities. For 2010, spending on interest on the national debt is greater than

the funding for most other Federal programs. Let's look at that. As you can see, in 1 year, spending on interest on the national debt is greater than funding for most programs—\$656.7 billion for the Department of Defense; \$414 billion for interest expense; \$173 billion for the Department of Labor; \$129 billion for the Department of Agriculture; \$108 billion for the Department of Veterans Affairs; and just one other I will mention, \$92.9 billion for the Department of Education.

Well, the impact of this quickly escalating debt burden could prove catastrophic for economic growth and for American families. In a letter to the then-ranking member of the House Budget Committee, PAUL RYAN, the Congressional Budget Office determined that “beyond 2058, projected deficits in the alternative fiscal scenario become so large and unsustainable that CBO’s model cannot calculate their effects.” That ought to tell you something. In other words, the CBO model crashes when it even attempts to calculate the impact of all of this debt on economic growth. Yet all of these numbers might be understating the Nation’s debt burden. What happens if interest rates rise? Right now they are at historic lows, but that will not always be the case, and we are figuring on historic lows right now as though they are going to continue.

According to CBO’s alternative fiscal scenario, which is our most realistic fiscal scenario, debt held by the public will reach 82 percent of GDP by 2021. Now, that is if they are right, and they have never been right yet over the long term; they are always low. Absent real fiscal reforms, it will reach 100 percent of GDP by 2035. But this does not tell the whole bleak story. The fact is, when you include the IOUs the government has issued to itself, intergovernmental holdings, our debt is already at 100 percent of GDP—larger than our entire economy.

When are our friends on the other side going to start thinking about these things and start realizing that they are taking us right down into bankruptcy in this country? This debt burden we have is simply not sustainable. If interest rates go back to their average in the 1990s, our public debt will increase by 77 percent over even these grim estimates I have just mentioned. We are spending at historical highs and going higher, and with interest on the debt taking a larger and larger share of spending, we need to be very concerned as a nation that we are entering a debt spiral from which we will have a difficult time extricating ourselves.

For these reasons, ADM Mike Mullen, former Chairman of the Joint Chiefs of Staff, concluded that our national debt is the “biggest threat we have to our national security.” For these reasons, Standard & Poor’s issued its historic downgrade of U.S. Treasuries this past summer.

The impact of this debt is more than academic; it will eventually lead to

higher interest rates for all Americans, undermining the ability of people to purchase a home, buy a car, or even start a business. Most importantly, it will fundamentally alter the relationship of citizens to their government. It will further undermine personal liberty. It will lead to more government control of the economy. And it will jeopardize the livelihoods of American business owners and workers as ever-escalating debt and government spending embolden those who seek higher taxes to finance this levitation.

The solution to this problem is S.J. Res. 10, the balanced budget amendment supported by every Senate Republican, all 47 of us.

In the time I have been fortunate enough to serve the people of Utah, I have sponsored 5 balanced budget amendments and have been an original cosponsor of 18. These amendments have not been identical. Their provisions have been honed over time. I am confident this version strikes just the right balance.

It is the right amendment for the right time. We face a crisis of spending and a government that has clearly exploded in size. This constitutional amendment is the only one that will be debated this week that will address that crisis and would reduce the size of this Leviathan government.

The President has strongly opposed not only this balanced budget amendment but any balanced budget amendment. As he said: “We don’t need a constitutional amendment to do our jobs.” My goodness. That is what he said on July 15 of this year.

I wish to spend a few moments considering the President’s claim. The President claimed that a balanced budget amendment is not necessary because “the Constitution already tells us to do our jobs—and to make sure that the government is living within its means and making responsible choices.”

The President’s spokesman, Jay Carney, elaborated in greater detail on why a balanced budget amendment is not necessary. According to him, balancing the budget is “not complicated.” All that is needed is that we put politics aside, quit ducking responsibility, and roll up our sleeves and get to work. Yet all I hear from the White House is that we have to have more taxes and more spending.

This is the lament of the tough chooser, a term coined by the journalist Andrew Ferguson. The tough chooser talks a lot about making tough choices. But when it comes to actually making them, the tough chooser goes missing.

Tough choosers, concerned about our deficits and debt, voted for ObamaCare, even though it increased spending by \$2.6 trillion and taxes by over \$1 trillion.

Tough choosers reject a balanced budget amendment because all that is required, in their view, is some tough choosing by legislators. The problem

with this theory is that the so-called tough choosers never step up.

The past history of the balanced budget amendment is all the evidence we need that a constitutional amendment is required to force legislators and the White House to make these tough choices. But given President Obama’s rejection of the balanced budget amendment, it is worth considering his own actions this year and his personal contributions to deficit reduction. That record is a weak one of denial and avoidance.

Following the clear statement of the American people last November that Washington needed to address deficits and debt, the President had an opportunity to lead with his fiscal year 2012 budget. Yet this is how the Washington Post described the impact of that budget. After next year, “the deficit will begin to fall, settling around \$600 billion a year through 2018, when it would once again begin to climb as a growing number of retirees tapped into Social Security and Medicare.”

So the President, who today is telling us that he and Congress are willing to buckle down and make tough choices to balance the Nation’s books, gave us a budget that did little to put this country on a path toward long-term fiscal sustainability.

The President’s budget landed with such a thud and was so unresponsive to the desire of the American people to tackle the debt, that he took a muligan and attempted a budget do-over in the Spring. In an April 13 speech at George Washington University, President Obama offered a revised budget. True to form, he did not stick his neck out and actually offer anything that could be scored by the CBO. Yet Republicans did analyze the President’s speech, and after stripping out the gimmicks and the rosy scenarios, they found that far from making any tough choices, his do-over actually added \$2.2 trillion to the deficit.

This avoidance of tough choosing by Washington’s tough choosers is, unfortunately, the norm.

We have heard the President’s argument before. I have heard it now for 35 years, maybe not just from him but from others as well. We hear it every time a balanced budget amendment comes to the floor and is debated in the Senate. The opponents claim there is no need for a balanced budget amendment; all that is necessary is that we put politics aside and make the tough choices.

So how is that working out for our country?

When I introduced my first balanced budget amendment in 1979, the national debt was \$827 billion. We thought that was astronomical. In 1982, when the Senate passed a balanced budget amendment that I cosponsored, the national debt had risen to \$1.1 trillion. In 1986, when the Senate failed by one vote to pass a balanced budget amendment that I cosponsored, the national debt topped \$2.1 trillion. By 1997,

when this body voted on a balanced budget amendment that I introduced, the national debt had passed the \$5 trillion mark. Today, it is three times that amount—over \$15 trillion.

The record is clear. Absent the constitutional restraint of a balanced budget amendment, Congress and the President do not make the tough choices. Instead, they take the path of least resistance. They gladly disperse Federal dollars today—to grateful special interests—and then figure out a way to pay for it tomorrow, except they never figure out the way.

This is not the political and economic philosophy of the Founders, who warned at the birth of our Republic against debt and overspending. That is the political philosophy of J. Wellington Wimpy, who would “gladly pay you Tuesday for a hamburger today.”

A balanced budget amendment is not an abdication of Congress’s responsibility. On the contrary, it would force Congress to live up to its responsibilities. It would force Congress and the President to make the choices about national spending priorities they have thus far been unwilling to make.

I don’t think there are many Americans who question whether our fiscal situation would be better today if we had enacted and the States had ratified a constitutional amendment when Ronald Reagan was President.

This is where we are headed as a country if we don’t get our fiscal house in order. We are headed off a cliff. I could have put up a map of Greece, but that might have understated our predicament.

Yet to hear the opponents of a balanced budget amendment talk, one would think the problem we face as a country is the amendment, not the out-of-control spending that demands such an amendment.

These misplaced priorities fundamentally understate how much government spending is accelerating in this country and the threat this spending poses for personal liberty, constitutionally limited government, and free enterprise.

As I noted earlier, our true debt burden is already 100 percent of GDP. This is very dangerous territory. According to the economists Carmen Reinhart and Kenneth Rogoff, public debt burdens above 90 percent of GDP are associated with 1-percent lower economic growth.

I ask unanimous consent that a short article outlining their thesis be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Bloomberg.com, July 14, 2011]

TOO MUCH DEBT MEANS THE ECONOMY CAN’T GROW: REINHART AND ROGOFF

(By Carmen M. Reinhart and Kenneth S. Rogoff)

As public debt in advanced countries reaches levels not seen since the end of World War II, there is considerable debate about the urgency of taming deficits with

the aim of stabilizing and ultimately reducing debt as a percentage of gross domestic product.

Our empirical research on the history of financial crises and the relationship between growth and public liabilities supports the view that current debt trajectories are a risk to long-term growth and stability, with many advanced economies already reaching or exceeding the important marker of 90 percent of GDP. Nevertheless, many prominent public intellectuals continue to argue that debt phobia is wildly overblown. Countries such as the U.S., Japan and the U.K. aren’t like Greece, nor does the market treat them as such.

Indeed, there is a growing perception that today’s low interest rates for the debt of advanced economies offer a compelling reason to begin another round of massive fiscal stimulus. If Asian nations are spinning off huge excess savings partly as a byproduct of measures that effectively force low-income savers to put their money in bank accounts with low government-imposed interest-rate ceilings—why not take advantage of the cheap money?

Although we agree that governments must exercise caution in gradually reducing crisis-response spending, we think it would be folly to take comfort in today’s low borrowing costs, much less to interpret them as an “all clear” signal for a further explosion of debt.

Several studies of financial crises show that interest rates seldom indicate problems long in advance. In fact, we should probably be particularly concerned today because a growing share of advanced country debt is held by official creditors whose current willingness to forego short-term returns doesn’t guarantee there will be a captive audience for debt in perpetuity.

Those who would point to low servicing costs should remember that market interest rates can change like the weather. Debt levels, by contrast, can’t be brought down quickly. Even though politicians everywhere like to argue that their country will expand its way out of debt, our historical research suggests that growth alone is rarely enough to achieve that with the debt levels we are experiencing today.

While we expect to see more than one member of the Organization for Economic Cooperation and Development default or restructure their debt before the European crisis is resolved, that isn’t the greatest threat to most advanced economies. The biggest risk is that debt will accumulate until the overhang weighs on growth.

HISTORICAL PRECEDENTS

At what point does indebtedness become a problem? In our study “Growth in a Time of Debt,” we found relatively little association between public liabilities and growth for debt levels of less than 90 percent of GDP. But burdens above 90 percent are associated with 1 percent lower median growth. Our results are based on a data set of public debt covering 44 countries for up to 200 years. The annual data set incorporates more than 3,700 observations spanning a wide range of political and historical circumstances, legal structures and monetary regimes.

We aren’t suggesting there is a bright red line at 90 percent; our results don’t imply that 89 percent is a safe debt level, or that 91 percent is necessarily catastrophic. Anyone familiar with doing empirical research understands that vulnerability to crises and anemic growth seldom depends on a single factor such as public debt. However, our study of crises shows that public obligations are often hidden and significantly larger than official figures suggest.

CREATIVE ACCOUNTING DEVICES

In addition, off-balance sheet guarantees and other creative accounting devices make

it even harder to assess the true nature of a country’s debt until a crisis forces everything out into the open. (Just think of the giant U.S. mortgage lenders Fannie Mae and Freddie Mac, whose debt was never officially guaranteed before the 2008 meltdown.)

There also is the question of how broad a measure of public debt to use. Our empirical work concentrates on central-government obligations because state and local data are so limited across time and countries, and government guarantees, as noted, are difficult to quantify over time. (Until we developed our data set, no long-dated cross-country information on central government debt existed.) But state and local debt are important because they so frequently trigger federal government bailouts in a crisis. Official figures for state debts don’t include chronic late payments (arrears), which are substantial in Illinois and California, for example.

PUBLIC AND PRIVATE DEBT

Indeed, it isn’t unusual for governments to absorb large chunks of troubled private debt in a crisis. Taking this into account, chart 1, attached, shows the extraordinarily high level of overall U.S. debts, public and private.

In addition to ex-ante or ex-post government guarantees and other forms of “hidden debts,” any discussion of public liabilities should take into account the demographic challenges across the industrialized world. Our 90 percent threshold is largely based on earlier periods when old-age pensions and health-care costs hadn’t grown to anything near the size they are today. Surely this makes the burden of debt greater.

There is a growing sense that inflation is the endgame to debt buildups. For emerging markets that has often been the case, but for advanced economies, the historical correlation is weaker. Part of the reason for this apparent paradox may be that, especially after World War II, many governments enacted policies that amounted to heavy financial repression, including interest-rate ceilings and non-market debt placement. Low statutory interest rates allowed governments to reduce real debt burdens through moderate inflation over a sustained period. Of course, this time could be different, and we shouldn’t entirely dismiss the possibility of elevated inflation as the antidote to debt.

EXTREMELY RARE

Those who remain unconvinced that rising debt levels pose a risk to growth should ask themselves why, historically, levels of debt of more than 90 percent of GDP are relatively rare and those exceeding 120 percent are extremely rare (see attached chart 2 for U.S. public debt since 1790). Is it because generations of politicians failed to realize that they could have kept spending without risk? Or, more likely, is it because at some point, even advanced economies hit a ceiling where the pressure of rising borrowing costs forces policy makers to increase tax rates and cut government spending, sometimes precipitously, and sometimes in conjunction with inflation and financial repression (which is also a tax)?

Even absent high interest rates, as Japan highlights, debt overhangs are a hindrance to growth.

The relationship between growth, inflation and debt, no doubt, merits further study; it is a question that cannot be settled with mere rhetoric, no matter how superficially convincing.

In the meantime, historical experience and early examination of new data suggest the need to be cautious about surrendering to “this-time-is-different” syndrome and decreeing that surging government debt isn’t as significant a problem in the present as it was in the past.

Mr. HATCH. Mr. President, while one might quibble with the particulars of Reinhart's and Rogoff's assessment, failure to take it seriously, given the recent struggles of the eurozone, amounts to whistling past the graveyard.

To be clear, the long-term source of our fiscal problem is overspending, not a lack of revenue. Our friends at the Heritage Foundation have done an excellent job of putting all this spending into historical perspective.

I will run through some charts highlighting just how unusual and unsustainable recent levels of Federal spending have become. Any way we cut it, spending is up. Federal spending per household is skyrocketing, even with the \$2.1 trillion in deficit reduction achieved by this summer's Budget Control Act.

In 1965, Federal spending per household was \$11,431. In 2010, it was \$29,401. It is projected to hit \$35,773 in 2020. That is per household.

Federal spending is growing faster than median income. Between 1970 and 2009, total Federal spending rose by 299 percent, while median household income has gone up 27 percent in the same time period.

Federal spending that is far out of line with historical averages is the cause of our annual deficits and total debt—not the much reviled 2001 and 2003 tax relief extended by President Obama and a Democratic Congress.

Historically, revenues have averaged around 18 percent of GDP. As the economy recovers, CBO projects revenues to return to that historical average. Yet spending is going higher and higher.

The end result of all this spending is not pretty to look at. Our national debt is going to skyrocket. Up to 344 percent by 2050.

The problem the Senate Republican balanced budget amendment is meant to address is reckless spending. We will hear many arguments against this amendment. We will hear it prevents tax increases. We will hear it prevents deficit spending in an economic downturn. We will hear it hamstring the Nation in times of military emergency and that it prevents spending in excess of 18 percent of GDP.

It does no such thing. What it does do is require a broad national consensus before Congress spends beyond its means. It makes certain that there is deep bipartisan agreement before raising taxes—a provision the Nation would have benefited from prior to the decision of the President and congressional Democrats to drive through \$1 trillion in ObamaCare tax increases on nearly party-line votes, and it demands wide support for spending in excess of 18 percent of GDP.

As my friends at Americans for Prosperity put it in their letter of support for the Republican proposal, the amendment “strikes a balance between allowing flexibility for some deficit spending in times of national emergency, while requiring supermajorities

in both Chambers to do so. This assures citizens that the Federal Government will only run a deficit when there is broad consensus that a genuine crisis demands it.”

That sounds like pretty good language to me.

I ask unanimous consent that that letter from Americans for Prosperity be printed in the RECORD.

There being no objection, the material was ordered to be printed in the Record, as follows:

AMERICANS FOR PROSPERITY,

March 31, 2011.

DEAR SENATOR HATCH AND COSPONSORS: On behalf of more than 1.7 million Americans for Prosperity (AFP) activists in all 50 states, I applaud you for proposing a balanced budget amendment to the United States Constitution that includes a strong limit on total federal spending. Over the past decade or so, it has become increasingly clear that unless there are firm constitutional guardrails to constrain federal spending elected officials are either unable or unwilling to overcome the institutional forces that facilitate endless profligacy. Your proposed amendment seeks to establish those guardrails in a responsible and, hopefully, effective way.

One of the most important provisions in your proposed amendment is a spending cap that would limit federal outlays to 18 percent of GDP. This limitation reflects a proper vision of limited government and the relationship of spending to GDP in the post-WWII period. Additionally, by insisting that spending is restrained in order to balance the budget you guard against the amendment being hijacked and distorted to advance economically-destructive tax increases.

Your amendment also strikes a balance between allowing flexibility for some deficit spending in times of national emergency, while requiring supermajorities in both chambers to do so. This assures citizens that the federal government will only run a deficit when there is a broad consensus that a genuine crisis demands it.

Several other provisions nicely round out your balanced budget amendment. Your insistence on two-thirds majority vote to approve tax increases or spending above 18 percent of GDP is laudable. Your measure to prohibit courts from legislating tax increases from the bench is important and prescient. Finally, a five-year transitional period from ratification to legal efficacy will give budgeteers enough notice to take meaningful action without the politically-contentious transition that could otherwise be used as a pretext to oppose the amendment.

While it is always difficult to predict how the Judicial Branch will interpret any portion of the Constitution, the mere presence of a balanced budget amendment will serve to compel the tough decision making that is often skirted in today's federal budget process. It's time for the federal government to balance its books, and AFP is proud to support your amendment. I urge your colleagues to support its passage and I look forward to working with you in the future.

Sincerely,

JAMES VALVO,

Director of Government Affairs.

Mr. HATCH. Mr. President, we will hear there is a reasonable alternative being offered. But we need to understand this for what it is. It doesn't put any spending limitations on Congress. It leaves wide the door for massive tax increases to pay for levels of spending that are far outside our constitutional

traditions. Even the requirement for balance—that outlays not exceed revenues—lacks strength, if we read it carefully.

The bottom line is that there is no substitute for the strong balanced budget amendment being offered by the Senate Republicans.

A number of protaxpayer groups committed to liberty and constitutionalism have written in support of our balanced budget amendment—Let Freedom Ring, Americans for Tax Reform, the National Taxpayers Union, the 60 Plus Association, Americans for Limited Government, and the Council for Citizens Against Government Waste, just to mention a few.

I ask unanimous consent that their letters be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MARCH 30, 2011.

Hon. JON KYL,
Hart Senate Office Building,
Washington, DC.

Hon. ORRIN HATCH,
Hart Senate Office Building,
Washington, DC.

Hon. PAT TOOMEY,
Dirksen Senate Office Building,
Washington, DC.

Hon. MIKE LEE,
Hart Senate Office Building,
Washington, DC.

Hon. JOHN CORNYN,
Hart Senate Office Building,
Washington, DC.

DEAR SENATORS: We write to encourage your colleagues to support your Balanced Budget Amendment to the United States Constitution, signaling the United States Senate is serious about reforming federal government spending.

The amendment limits spending to 18 percent of Gross Domestic Product (GDP). Capping spending at this level puts spending in line with the historical average of revenue receipts. Since 1970, spending has averaged 21 percent of GDP while tax revenues have consistently stayed around 18 percent. However, CBO projects spending will explode over the next decade, averaging over 23 percent of GDP. Capping spending at 18 percent demonstrates that the government should be cognizant of its means—and live prudently within them.

Most importantly, your Balanced Budget Amendment places the onus of responsible budgeting on lawmakers, rather than passing the burden onto taxpayers who are already shouldering the weight of failed “stimulus” programs and bailouts. It does this by requiring any net tax increases to overcome a two-thirds supermajority in each chamber of Congress.

This clause is vital to keep the debate where it should be—federal overspending. Americans are not taxed too little; Washington spends too much. In the same vein, the spending restraint in the amendment cannot be waived unless a two-thirds majority agrees to do so.

While the bill could be strengthened to require a supermajority to waive the spending cap during a declared war, it does require a vote of three-fifths of the Congress to approve spending beyond the cap in the times of a military conflict. What's more, the amendment requires a three-fifths vote to raise the debt limit, forcing Congress to confront its poor spending habits rather than simply increasing its borrowing authority.

Thus, we support the Balanced Budget Amendment and encourage your colleagues

to cosponsor the measure to signal lawmakers are serious about fiscal restraint.

Sincerely,

GROVER NORQUIST,
*President, Americans
for Tax Reform.*
MATTIE CORRAO,
*Executive Director,
Center for Fiscal Ac-
countability.*

NATIONAL TAXPAYERS UNION,
March 31, 2011.

AN OPEN LETTER TO THE UNITED STATES SENATE: SUPPORT THE CONSENSUS BALANCED BUDGET AMENDMENT!

DEAR SENATOR: On behalf of the 362,000 member National Taxpayers Union (NTU), I write to provide our strong endorsement of the "Consensus Balanced Budget Amendment" (BBA), which is the product of negotiations among advocates of several BBA measures. We commend Senator Hatch and his colleagues, Senators Lee, Cornyn, Kyl, McConnell, Toomey, Snowe, Risch, Rubio, DeMint, Paul, Vitter, Enzi, Kirk, and Crapo, for introducing this legislation and urge all Senators to cosponsor the resolution.

NTU has approached the current legislative evolution of the BBA not merely as an interested observer or even as a concerned stakeholder. Instead, we view this process through a 40-plus-year organizational history in which constitutional limits on the size of government have occupied the central part of our mission.

Throughout the 1970s and 1980s, my organization helped to launch and sustain the movement for a limited Article V amendment convention among the states to propose a Balanced Budget Amendment (BBA) for ratification, all while pursuing a BBA through Congress. Our members were elated over the passage of S.J. Res. 58 in 1982, and the passage of H.J. Res. 1 in 1995 through the House of Representatives. In both cases the measures, whose provisions varied somewhat, fell short of enactment in the other chambers of Congress. More recently, we have provided endorsements to BBA legislation such as S.J. Res. 3 and H.J. Res. 1.

To our members, a BBA would provide the very lifeblood that will restore and sustain the financial health of our Republic. We are therefore elated over the intensifying interest among Members of Congress and state legislators in a unified BBA concept. The proposal admirably harnesses this energy, by combining and refining elements from several amendments introduced thus far in Congress. These include strong "supermajority" safeguards against reckless tax or debt increases as well as override provisions to confront the realities of military conflicts.

Also of great importance is the amendment's spending limitation clause. Although several types of mechanisms could answer to the purpose of controlling growth in expenditures, any such protection incorporating Gross Domestic Product (GDP) must pay careful heed to historical experience. In this case, an annual spending cap at 18 percent of GDP is clearly the most prudent choice. Such a level reflects the share of economic output that federal revenues have typically represented since World War II. Given that constitutional amendments should be designed with a long nod to the past and an equally farsighted view to the future, 18 percent is a most stable and logical benchmark.

In addition, setting the expenditure limit at 18 percent would make a vital contribution toward harmonizing all parts of the amendment so that the whole functions as intended. An assumption that spending should normally be linked to the average and customary federal revenue proportion would

by its very nature give Congress and the President a starting point that is closer to balance. Indeed, the limit helps to remedy Washington's increasingly metastasized affliction of tax-spend-and-borrow, by elevating the concept of expenditure restraint to its rightful place in policymaking. While the two-thirds "supermajority" override requirement is essential to ensuring this place, so is the 18 percent cap on expenditures. If set too high, the spending limit would merely institutionalize, rather than minimize, deficits. Recent spending-to-GDP ratios in excess of 20 percent—and the resulting pressures to borrow or tax even more—ought to convince fiscal disciplinarians of the need for a carefully-designed limit.

We understand the political environment within which the consensus BBA was crafted, and, given our history, we appreciate the many challenges in the legislative effort that lies ahead. Yet it is precisely our longstanding devotion to this reform that gives us cause to make several observations. Moving forward, Senators must commit to passage of the BBA in this Congress, not simply another "test vote" tied to some legislative urgency. This means making the Amendment a part of the Congress's everyday narrative on tax and spending policy, thereby leading a national discussion that occupies a primary place in the public square. Nor should the BBA be held as some proxy to other reform approaches. Indeed, statutory or regulatory steps to control the nation's finances are not "second-best" substitutes; their very effectiveness depends upon a constitutional foundation that will set the boundaries within which they can operate.

Furthermore, supporters of this BBA must reach far and wide across the aisle to obtain the necessary bipartisan backing that will ensure passage of the measure. The temptation to put electoral calculations first is unacceptable to taxpayers, who (properly) surmise that concerted action to control deficits cannot wait until after 2012. Likewise, Senators must engage their House colleagues as well as state legislators in their capitols back home, many of whom have both the commitment and the experience to see the BBA through to passage and ratification.

Through all of these means, and toward the critical end of enacting a Balanced Budget Amendment, NTU and members pledge the fullest possible measure of their time, energy, and resources. Together, we can fulfill this long-overdue obligation to future generations.

Sincerely,

PETE SEPP,
Executive Vice President.

THE 60 PLUS ASSOCIATION,
Alexandria, VA, March 31, 2011.

DEAR SENATOR HATCH: On behalf of more than seven million senior citizen activists, the 60 Plus Association thanks you for introducing the joint resolution proposing an amendment to the Constitution of the United States relative to balancing the budget.

Thanks to your outstanding leadership, this effort shows a solid commitment to restore the fiscal stability of the United States by balancing the nation's budget.

We applaud your efforts to respond to the overwhelming concern Americans have to the spiraling debt and out-of-control spending and cannot stress strongly enough that senior citizens and soon-to-be-seniors believe that current budget policy cripples our economic stability and threatens our nation's future.

Sincerely,

JAMES L. MARTIN,
Chairman.

AMERICANS FOR
LIMITED GOVERNMENT,
Fairfax, VA, March 31, 2011.

Senate Minority Leader MITCH MCCONNELL,
*361-A Russell Senate Office Building, Wash-
ington, DC.*

Senator ORRIN HATCH,
104 Hart Office Building, Washington, DC.

DEAR LEADER MCCONNELL AND SENATOR HATCH: As you are well aware, the nation is risking a fiscal calamity that threatens a catastrophic default on the \$14.2 trillion national debt and the collapse of the dollar as the world's reserve currency. If something is not done to bring the nation's fiscal house into order, soon the debt will become too large to even refinance, let alone be repaid.

That is why Americans for Limited Government strongly endorses the Senate Republican Balanced Budget Amendment and urges all members of the Senate to fight for its immediate adoption. Soon the gross national debt will become larger than the entire economy, and by 2021, the Office of Management and Budget projects it will soar to over \$25 trillion.

Interest payments alone threaten to destabilize the nation's finances very soon. In 2010, the Treasury paid a total of \$413 billion in interest, including \$216 billion to the Social Security and Medicare trust funds. The total interest is a real obligation that requires real borrowing to meet, and cannot be readily discounted as revenue to the entitlement programs when it is in fact a liability to taxpayers.

The total interest owed on the debt will actually be over \$1.2 trillion in 2021. And since the government never anticipates the debt being paid down, the number will easily grow to over \$2.4 trillion by 2030. Moody's has warned that when interest owed on the debt reaches 18 to 20 percent of revenue, the nation's gold-plated Triple-A credit rating will be downgraded. The trouble is that the Office of Management and Budget projects total interest owed for 2011 to be \$430.4 billion, which is already 19.79 percent of the projected \$2.174 trillion of revenue. That means time has already run out.

Currently, the \$14.2 trillion national debt already stands at 95.5 percent of the nation's \$14.8 trillion Gross Domestic Product (GDP). While it is unclear at what percentage of debt-to-GDP that the debt will become too large to refinance, the warning signs are already there that we cannot even meet our current obligations honestly.

Pimco reports that in 2009, 80 percent of treasuries were purchased by the Federal Reserve, and in 2010, it had to buy 70 percent, bringing its current U.S. debt holdings to \$1.3 trillion. As a result, the Fed is the largest lender to the U.S. government in the world—all with printed money—more than China or Japan. When the Fed ends QE2 in June, it will likely keep a high water mark of \$1.5 trillion in treasuries holdings.

Printing money to refinance the debt cannot continue for long without very severe consequences, including a potential collapse of the dollar as the world's reserve currency, hyperinflation, and a complete default on the nation's obligations. The time to pass the Balanced Budget Amendment is now, before it is too late and it becomes impossible for the debt to ever be repaid.

The Balanced Budget Amendment being proposed, once implemented, will make it possible that for the first time since 1957, the national debt can be reduced. This must begin to occur to reassure the nation's creditors that the U.S. intends to honor its obligations with real money, not with a "pretended payment" that economist Adam Smith warned against.

With the upcoming vote on increasing the national debt ceiling above \$14.294 trillion,

now is the opportunity to use your leverage not just to get an up-or-down vote on the Balanced Budget Amendment, but to get it adopted. To do so, we urge you to take your case directly to the American people, who will join with you in fighting to make certain that another increase in the debt will never again be necessary.

The American people must be advised of these cataclysmic risks of inaction. There is a very dangerous misconception that the nation can just continue borrowing and printing money perpetually. It cannot. Nor will it long endure as the world's foremost economic and military superpower if it tries to.

Besides a failure to meet our fiscal obligations, a national default will mean that the U.S. will be unable to meet its security obligations around the world, destabilizing whole regions, and threatening national security. It is likely for this reason that Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen, described the debt as the number one danger facing America.

With a projected \$1.645 trillion budget deficit for this year alone, the hour grows late for real action to rein in the federal government's unsustainable spending binge. It is clear that Congress lacks the political will to do what is necessary on its own. It needs the constitutional limits on spending, taxation, and the balanced budget requirement outlined in your amendment to compel it to act prudently when handling the American people's finances.

We thank you for your work on this critical issue, and urge you to use all the tools at your disposal, including the leverage of increasing the national debt ceiling, to ensure speedy adoption of the Balanced Budget Amendment. If you will take a courageous stand to save this nation from certain ruin, the American people will surely stand with you.

Sincerely,

WILLIAM WILSON,
President.

COUNCIL FOR CITIZENS
AGAINST GOVERNMENT WASTE,
Washington, DC, March 31, 2011.

U.S. SENATE,
Washington, DC.

DEAR SENATOR, Senator Orrin Hatch (R-Utah) will soon introduce an amendment to the Constitution requiring that the federal budget be balanced. This amendment has received wide support, including that of Senators Mitch McConnell (R-Ky.), Mike Lee (R-Utah), John Cornyn (R-Tex.), Jon Kyl (R-Ariz.), Pat Toomey (R-Pa.), John Thune (R-S.D.) and Marco Rubio (R-Fla.). On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to support this legislation.

Federal spending has ballooned out of control. Taxpayers are bracing themselves as the nation rapidly approaches its statutory, record-breaking \$14.3 trillion debt limit. According to the Congressional Budget Office, recession-depleted tax revenues are scheduled to rebound to their historical average of 18 percent of gross domestic product (GDP) by 2018 and reach 18.4 percent by 2021. Federal spending, which has historically been 20.3 percent of GDP, however, is projected to reach 26.4 percent of GDP by 2021. America is on a dangerous trajectory as Congress continues to increase spending and raise debt ceilings without regard to incoming levels of revenue. Washington has put taxpayers at risk by violating a Budgeting 101 rule of thumb: Don't spend more money than you take in.

This proposed constitutional amendment would ensure that total outlays will not be allowed to exceed 18 percent of the U.S. GDP

of a fiscal year and will require the president to submit a balanced budget to Congress that reflects the 18 percent cap. A two-thirds majority vote would be required of both the House and Senate to override the spending cap, increase taxes or levy a new tax. Additionally, a three-fifths majority vote in both Houses would be needed to increase the debt limit. In times of declared war, a simple majority vote will be necessary for a specific excess amount above the 18 percent cap, and in times of military conflict a three-fifths majority will be required. In order to protect taxpayers, the amendment prohibits courts from raising revenue as a means of enforcement.

The federal government has a moral and fiscal responsibility to Americans that it has simply been shirking. Congress cannot continue on a spending rampage while ignoring the nation's balance sheets. This legislation proposes a practical and necessary constitutional amendment that will safeguard taxpayers and force Congress to balance the national budget. All votes on the Balanced Budget Amendment will be among those considered in CCAGW's 2011 Congressional Ratings.

Sincerely,

THOMAS A. SCHATZ,
President.

Mr. HATCH. Mr. President, I am so pleased conservative leaders such as Ed Meese, Dick Thornburgh, and Ken Blackwell have stood in support of a strong balanced budget amendment.

I ask unanimous consent to have printed in the RECORD at this point the op-eds to which I just referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Bloomberg.com, July 20, 2011]
DEFICIT'S NEED BALANCED-BUDGET
AMENDMENT FIX
(By Dick Thornburgh)

A late entrant in the budget deficit-debt ceiling talkathon in Washington is increasing support for a constitutional requirement that the federal budget be balanced every year. Liberals will no doubt characterize this proposal as a nutty one, but careful scrutiny of such an amendment to our constitution demonstrates its potential to prevent future train wrecks in the budgeting process.

Constitutional budget-balancing requirements are already available to most governors and state legislatures, along with a line-item veto and separate capital budgeting, which differentiates investments from current outlays. They work.

Any debate in Congress will probably include the following arguments against a balanced-budget amendment:

First, that the amendment would clutter our basic document in a way contrary to the intention of the Founding Fathers. This is clearly wrong. The framers of the Constitution contemplated that amendments would be necessary to keep it abreast of the times. It has, in fact, been amended 27 times.

Moreover, at the time of the Constitutional Convention, one of the major pre-occupations was how to liquidate the post-Revolutionary War debts of the states. It would have been unthinkable to the framers that the federal government would systematically run a deficit, decade after decade. The Treasury didn't begin to follow such a practice until the mid-1930s.

Second, critics will argue that the adoption of a balanced-budget amendment wouldn't solve the deficit problem overnight. This is absolutely correct, but begs the issue. Serious supporters of the amendment recog-

nize that a phasing-in of five to 10 years would be required.

During this interim period, however, budget makers would have to meet declining deficit targets in order to reach a final balanced budget by the established deadline.

As pointed out by former Commerce Secretary Peter G. Peterson, such "steady progress toward eliminating the deficit will maintain investor confidence, keep long-term interest rates headed down and keep our economy growing."

Third, it will be argued that such an amendment would require vast cuts in social services, entitlements and defense spending. Not necessarily. True, these programs would have to be paid for on a current basis rather than heaped on the backs of future generations. Difficult choices would have to be made about priorities and program funding. But the very purpose of the amendment is to discipline the executive and legislative branches, not to propose or perpetuate vast spending programs without providing the revenue to fund them.

The amendment would, in effect, make the president and Congress fully accountable for their spending and taxing decisions.

Fourth, critics will say that a balanced-budget amendment would prevent or hinder our capacity to respond to national defense or economic emergencies. This concern is easy to counter. Clearly, any sensible amendment proposal would feature a safety valve to exempt deficits incurred in response to emergencies, requiring, for example, a three-fifths majority in both houses of Congress. Such action should, of course, be based on a finding that such an emergency actually exists.

Fifth, it will be said that a balanced-budget amendment might be easily circumvented. The experience of the states suggests otherwise. Balanced-budget requirements are now in effect in all but one (Vermont) of the 50 states and have served them well.

Moreover, the line-item veto, available to 43 governors, would ensure that congressional overruns—or loophole end runs—could be rejected by the president. The public's opposition, the elective process and the courts would also restrain any tendency to ignore a constitutional directive.

In the final analysis, most of the excuses for not enacting a constitutional mandate to balance the budget rest on a stated or implied preference for solving our deficit dilemma through the political process—that is to say, through responsible action by the president and Congress.

But that has been tried and found wanting, again and again.

Surely the U.S. is ready for a simple, clear and supreme directive that compels elected officials to fulfill their fiscal responsibilities. A constitutional amendment is the only instrument that will meet this need. Years of experience at the state level argue in favor of such a step. Years of debate have produced no persuasive arguments against it.

The stakes are high. Perhaps Thomas Jefferson put it best: "To preserve our independence, we must not let our rulers load us down with perpetual debt."

That is the aim of a balanced-budget amendment. Reform-minded members of Congress should support such an amendment to our Constitution as a means of resolving future legislative crises and ending credit-card government once and for all.

A nutty idea? Not by a long shot.

[From the Patriot Post, Apr. 5, 2011]
HATCH AND LEE'S BALANCED BUDGET
AMENDMENT: A WIN FOR AMERICA
(By Ken Blackwell)

Senators Orrin Hatch and Mike Lee introduced a Balanced Budget Amendment (BBA)

to make it a constitutional requirement for Washington, D.C., to end our deficit spending and culture of debt. And our national grassroots organization, Pass the Balanced Budget Amendment, is working with them to compel lawmakers to approve this change to the Supreme Law of the Land.

The BBA requires that the U.S. cannot spend more than it takes in. There are a few exceptions, such as allowing two-thirds of the House and Senate to suspend it for a specific reason for one year, with lower thresholds to respond to a military threat to our national security or an official, declared war against a specific nation (not some open-ended or global military operation).

The amendment is cosponsored by all 47 Senate Republicans. This raises eyebrows in that the last time a proposed BBA was voted on, 1997, it enjoyed Democratic support with 66 votes, falling a single vote short in the Senate.

A separate story here is Utah's leading role. That state's senior senator, Orrin Hatch, designed one version of the BBA. Utah's junior senator, Mike Lee, designed another. Both senators—one tied as the most senior Republican in the chamber and the other among the newest—then designed a composite version.

The resulting BBA addresses several major economic priorities. In addition to forcing a balanced budget, the BBA caps federal spending at 18 percent of GDP. It also requires a 60-percent vote to raise the national debt limit. It requires a two-thirds vote to raise taxes. And it forbids courts from ordering any tax increase. The BBA thus addresses multiple aspects of fiscal policy in a full-spectrum response to America's debt-and-deficit nightmare.

Utah's predominance regarding a constitutional amendment is no surprise. Hatch is the former chairman of the Senate Judiciary Committee and was talked up as a potential Supreme Court nominee years ago. Lee is the only former Supreme Court law clerk in the Senate, and is already mentioned as a potential Supreme Court nominee. These two senators may be bookends in seniority and age, but they are the foremost constitutional scholars in the Senate.

The Constitution is extraordinarily difficult to amend, requiring two-thirds of the House and Senate to propose it to the states, then three-fourths of the states (38) to ratify it.

To turn the BBA into reality, Senators Hatch and Lee are working with a national grassroots organization, Pass the Balanced Budget Amendment, to organize volunteers in every legislative district in America to mobilize political momentum.

We are very grateful to have Senators Hatch and Lee as Honorary Chairman. With their leadership, as well as others such as Co-Chairman Ken Buck of Colorado, the BBA has the best chances of passing since America's fiscal mismanagement began decades ago.

This is not just about economic conservatives. We must balance our national budget for the sake of our children's future. And our national debt has now become a national security concern as well. This is the perfect fusion of the three legs of the Reagan Coalition, and will benefit all Americans.

There are also serious political implications. TBBA could change the national debate. With several GOP presidential contenders endorsing the idea, this will likely be an issue for the 2012 elections. Those of us involved at the grassroots level with this issue and determined on making it so.

[From the Heritage Foundation, July 21, 2011]

BALANCED BUDGET AMENDMENT: INSTRUMENT TO FORCE SPENDING CUTS, NOT TAX HIKES
(By Edwin Meese III)

As Congress considers what to do about federal overspending and overborrowing, conservatives must maintain focus. We must pursue the path that drives down federal spending and borrowing and gets to a balanced budget, while preserving our ability to protect America and without raising taxes. An important part of that conservative agenda is adoption of a sound—repeat, a sound—Balanced Budget Amendment. A Balanced Budget Amendment is not sound if it leads to balancing the federal budget by tax hikes instead of spending cuts. Thus, a sound Balanced Budget Amendment must prohibit raising taxes unless a two-thirds majority of the membership of both Houses of Congress votes to raise them. Without the two-thirds majority requirement, the Balanced Budget Amendment becomes the means for big spenders to raise taxes.

Supporters of the Balanced Budget Amendment rightly want to force the federal government to live within its means—to spend no more than it takes in. Because the government has failed for decades to follow that balanced budget principle, America is now \$14.294 trillion in debt, a debt of more than \$45,000 for every person in the United States.

President Obama is making things worse. In discussions with congressional leaders, he has pushed hard to get authority to borrow yet more trillions of dollars and hike taxes. And the White House reiterated this week that President Obama opposes amending the Constitution to require the federal government to balance its budget.

A Sound Balanced Budget Amendment Must Require Two-Thirds Majorities to Raise Federal Taxes. Like 72 percent of the American people, The Heritage Foundation favors passage by the requisite two-thirds of both Houses of Congress and ratification by the requisite 38 states of an effective Balanced Budget Amendment to become part of our Constitution. Heritage has made clear that an effective Balanced Budget Amendment must control spending, taxation, and borrowing; ensure the defense of America; and enforce, through the legislative process and without interference by the judicial branch, the requirement to balance the budget. A sound Balanced Budget Amendment will drive down federal spending and end federal borrowing.

To date, Congress has proposed one largely sound Balanced Budget Amendment for consideration—Senate Joint Resolution 10, often called the Hatch-Lee Amendment after its main proponents. It has a number of important features, such as an annual federal spending cap of not to exceed 18 percent of the economy's annual output of goods and services (called the gross domestic product, or GDP) that Congress cannot exceed, except by a law passed with two-thirds majorities in both Houses of Congress or in specified circumstances involving military necessity.

A crucial feature is included in section 4 of the Balanced Budget Amendment proposed by Senate Joint Resolution 10: "Any bill that imposes a new tax or increases the statutory rate of any tax or the aggregate amount of revenue may pass only by a two-thirds majority of the duly chosen and sworn Members of each House of Congress by a roll call vote." The requirement that no tax hikes occur without the approval of 290 Representatives and 67 Senators is essential in a sound Balanced Budget Amendment. Without the requirement for two-thirds majorities for any tax increase, the Balanced Budget Amendment becomes a sword for big

spenders to use to raise taxes, instead of a shield to protect Americans from tax hikes. Those who seek to anchor into our Constitution a requirement to balance the budget must always remember that, if the only requirement is "balance," that can be achieved two ways—cut spending or hike taxes. A sound Balanced Budget Amendment will balance the budget by driving down federal spending and not by driving up federal taxes.

Balanced-Budget States that Allow Simple Majorities for Tax Hikes Face Situations Very Different from that of the Federal Government. Some look at the experience of states that have requirements in their constitutions for a balanced state budget and draw the wrong conclusion about the need for two-thirds majorities for taxation. They mistakenly conclude that a requirement merely for simple majorities in state legislatures to raise taxes suffices to keep state taxation under control and therefore that a federal Balanced Budget Amendment should require only simple majorities in Congress to raise taxes. But the balanced budget requirement at the state level occurs in a very different context from such a requirement at the federal level.

As a practical matter, state legislators regularly work and live among the people they represent, often do their legislative work face-to-face with their constituents, and often depend upon direct contact with voters to persuade voters to keep the legislators in office. As a result, state legislators tend to be closely attuned and responsive to the need of their constituents for reasonableness in taxation. In contrast, U.S. Senators and Representatives spend much of their time distant from the people they represent, often deal with their constituents through the insulation of large staffs, and amass large campaign funds through political fundraising that allow them to depend more upon expensive mass communications than upon direct contact with voters to persuade the voters to keep them in office. As a result, U.S. Senators and Representatives tend to be less directly attuned and responsive to the need of their constituents for reasonableness in taxation than state legislators are. Accordingly, while a requirement for merely simple majorities in state legislatures to raise taxes may suffice to keep taxes under control in that state, simple majorities are not likely to keep taxes under control at the federal level—as the experience of federal tax increases in the last 50 years proves.

Some who recognize the need for taxpayer protection by requiring supermajorities, rather than just simple majorities, of the two Houses of Congress to raise taxes think a supermajority of three-fifths of both Houses would suffice. While three-fifths would add a modicum of taxpayer protection in the House, three-fifths would add little if anything in the way of taxpayer protection in the Senate, which already often requires a three-fifths majority to proceed to consideration of legislation. The existing three-fifths rule in the Senate has often failed to protect taxpayers from federal tax increases in the past. A sound Balanced Budget Amendment would add protection for taxpayers in both Houses of Congress by a requirement for two-thirds majorities of the membership of both Houses to raise taxes.

Conclusion: Adopt the Two-Thirds Majority Requirement for Tax Hikes, to Make the Balanced Budget Amendment the Instrument of Spending Cuts and Not Tax Hikes. America's soon-to-be New Minority—people who pay federal income tax—need protection from unreasonable taxation. When all Americans have the right to vote, but only a minority has the duty to pay the federal income taxes from which all Americans benefit, the risk is high that a non-taxpaying

majority will elect a Congress pledged to adopt taxation that oppresses the taxpaying minority. The impulse to seek something for nothing has regrettably taken root in the American body politic in the past century. The requirement in the Balanced Budget Amendment of a two-thirds majority of the membership of both Houses of Congress to raise taxes will protect a taxpaying minority against oppressive taxation.

As Congress continues on the path toward adopting a joint resolution to recommend a Balanced Budget Amendment to the states for ratification, Congress should ensure that the Amendment includes a requirement for approval by two-thirds of the membership of the two Houses of Congress for tax hikes. Absent such a requirement, the Balanced Budget Amendment will encourage tax hikes instead of spending cuts as the means to balance the budget, making the Amendment the friend of the tax, spend and borrow crowd, instead of the friend of those who believe in limited government, free enterprise, and individual freedom.

Mr. HATCH. While a number of liberal groups committed to more government spending have lined up against our proposal, there is hardly a groundswell of support for the Democratic alternative. In fact, the lack of support for that proposal demonstrates more than anything I can say that it is a proposal designed with politics in mind. It is designed to provide cover for Members who want to say they support a balanced budget amendment while opposing the only amendment that would actually reduce government spending.

The bottom line is that not all balanced budget amendments are created equal. The Senate Republican amendment is one to restore liberty and constitutional government by reducing the size and power of Washington. By contrast, the Democrats' alternative promises more of the same. It does nothing to rein in spending or address the fiscal crisis this Nation faces. The differences between these proposals highlight clearly the distinctions between conservatives in Congress and the President and his supporters.

Although I am ever hopeful, I am realistic about the chances the Senate will pass S.J. Res. 10 tomorrow. I suspect the vote for the Senate Republican amendment will be as low as any the Senate has taken on a balanced budget amendment. This, though, shows how stark the differences have become between the two parties. The Democratic Party is now openly the party of tax and spend, the party of bigger and bigger government.

That is why today's debate and tomorrow's vote represents what Ronald Reagan called "a time for choosing."

As President Obama's speech in Kansas showed the other day, he is not backing away from his goal of fundamentally reordering American society in a way that transforms individuals and businesses into the arms of the State. The President, having completely abandoned the political middle and thrown in with the far left to secure his reelection, is now arguing that it is wrongheaded to believe one's success in life is owing to one's own hard

work. Because the President seems to believe that individual success is ultimately not the result of personal effort but, instead, due to society, adherence to and respect for property rights, and the simple notion that one owns the fruit of one's labors becomes for him and his supporters a quaint artifact of an earlier era in American history.

The candidate of hope and change has turned out to be the President of spreading the wealth around. To succeed, he has embraced the politics of envy and class warfare that is far outside the mainstream of our political heritage.

The Republicans' balanced budget amendment offers nothing so grandiose. All we seek is the restoration of some limits on the power of the Federal Government and meaningful reductions in spending, and we give the time to get there too in our amendment. All we promote is a decent respect for the right to one's own wages and the freedom promised in our Declaration of Independence.

The Senate Republican balanced budget amendment secures these blessings of liberty, and I urge every one of my colleagues to support it.

The opponents of this amendment will say it is somehow improper to constitutionalize a requirement for a balanced budget. Hogwash. Many of those same individuals do not bat an eye when five unelected Justices on the Supreme Court rewrite the Constitution to fit their own preferred policy goals. Yet it is somehow inappropriate for the Senate to send a balanced budget amendment to the people in the States for ratification.

What are they afraid of? The Constitution ultimately belongs to the sovereign American people. It is only law because of their sovereign actions of ratification and amendment.

It seems odd the Democratic Party that claims Thomas Jefferson as its founder would oppose giving the American people a voice on this foundational constitutional issue. After all, if President Obama, the progressive Democrat, was so confident in the strength of his arguments, he could rest easy knowing the people would decline to ratify a balanced budget constitutional amendment.

So what are they so afraid of? Why are they so afraid to send this amendment to the people for ratification? Thirteen States could defeat this amendment. All they need to do is get 13 States to go against this amendment. That is what it would take to defeat it. That is all it would take. But it would be the people who would decide, not just a bunch of people here. If that is all the opponents of this amendment need, why are they so worried about sending it to the States for ratification? Why the lack of confidence in their powers of persuasion?

I can tell you why. The people of this country would ratify this amendment so quickly its opponents' heads would spin. Those who oppose sending this

balanced budget amendment to the States for ratification know the people are eager to ratify it. That is certainly the case in Utah. Earlier this year, Utah passed S. Con. Res. 201 expressing support for S.J. Res. 10, the balanced budget amendment I introduced, along with my friend and colleague from Texas, Senator CORNYN, and my friend and colleague from Utah, Senator LEE, as well as 44 other Senators, all of whom deserve credit for this amendment.

I commend to my colleagues the Utah Senate's Concurrent Resolution 201 of the 2011 Second Special Session.

Mr. President, I take the instruction from Utah's State representatives very seriously. The Utah Legislature made it clear it supported ratification of this amendment, and I am confident if the Members of this body listen to their own State legislatures—49 of which are required to balance their own budgets—similar instructions would follow.

Here is the bottom line. Liberal special interests oppose the Senate Republicans' balanced budget amendment because they know the people would ratify it. And if the people ratified it, the government-funded gravy train would come to an end.

I look forward to this debate today. It is an important one, and I am confident that eventually the American people will ratify a balanced budget amendment and restore the promise of America's Declaration of Independence and Constitution for future generations.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. PAUL. Mr. President, I rise today in support of the balanced budget amendment. In fact, it is beyond me to imagine how anybody in this body could oppose a balanced budget amendment. I ran my election last year primarily on this fact—that government spending was out of control and the debt was consuming our country and that we needed new and more serious rules to bring the budget under control.

We have tried in the past. This body passed Gramm-Rudman-Hollings with bipartisan support in the 1990s and immediately began to evade it. This body passed pay as you go and then proceeded to disobey their own rules 700 times. And we wonder why 9 percent of the people approve of Congress? It is because we cannot even obey our own rules.

So we need new rules. We need a balanced budget amendment that would be an amendment to the Constitution because we do not adhere to the rules we pass. This body is literally out of control.

Now, the other side says: Trust us. Trust us. We can balance the budget. The other side hasn't passed a budget this year or last year—not just a balanced budget, the other side can't pass any budget. So I think we need new and stronger rules to force us to do

what is right, do what every American family has to do; that is, balance their family budget. A nation is no different. A nation has a printing press and can run deficits for longer, but there are ramifications.

The enormous debt we are accumulating as a country—we are borrowing \$40,000 every second. During the time of my 5-minute speech, we will have borrowed millions of dollars. So there are ramifications. We have to pay for our debt in some way. We can either tax people or we can borrow—we are at the limits of both—or we can simply print the money. But as we print money to pay for our debt, we destroy the value of the existing currency. So those who have savings, those who are on fixed incomes—senior citizens, the working class—those who use every penny of their paycheck to pay for their needs are being robbed on a daily basis by inflation. Inflation is the end result of debt.

If we look at the approval of Congress being 9 percent, and we contrast that with how much of the public is for a balanced budget, 75 percent of the public—Republicans, Democrats, and Independents—would vote in favor of a balanced budget amendment. Yet this body is out of touch because we can't get anybody from the other side even to talk to us about a balanced budget amendment. We worked for months to see what it would take to make one acceptable to the other side, and we got nowhere.

We need to balance our budget because the debt is a threat to our country. This is not just me saying this. The Chairman of the Federal Reserve has said our debt is unsustainable. Admiral Mullen, part of this administration, has said our debt is the greatest threat to our national security. Erskine Bowles, who led the deficit commission and has been known as a Democrat, said we are approaching the most predictable crisis in our history, and it will be a debt crisis.

All throughout Europe there is a debt crisis: Italy is having trouble paying its debt; Greece is underwater; Portugal, Spain, and Ireland are all tenuously holding on and trying to pay their debts. That European crisis, that destruction of the Euro, is coming this way. Our debt now equals our economy.

Senator HATCH mentioned we have a \$15 trillion debt and a \$15 trillion economy. Many economists say when our debt approaches 100 percent of GDP—where ours is now—we are losing 1 million jobs a year. So this is having a drain on the here and now. It is not just that this debt is being passed on to our kids and grandkids. The debt is affecting jobs.

When I talk to college kids, I say: The chance of you getting a job depends on what we do with the debt. If we continue to finance our spending through debt, you will not have a job. You will have less likelihood of getting a job.

Now, some say it would be too hard to balance the budget. It is just too far

out of whack. We can't do it. It is pretty bad. We are borrowing 40 cents on every dollar. If we look at the spending, borrowing 40 cents on every dollar is remarkable. When we look at our budget, the revenue coming in is being consumed by entitlements and interest. Everything else we spend—national defense, roads, everything else—the rest of the 40 percent of the budget is being borrowed. It is out of control.

Can you imagine any business or any family in this country borrowing 40 percent every year, year after year after year? It can't be done. There are ramifications and a day of reckoning is coming.

Some say: How could we ever balance our budget? I will tell you how. If we cut 1 percent of spending—this is called the penny plan—cut one penny out of every dollar in Federal spending for 6 years and freeze spending for 2 years, the budget will balance in 8 years. If we were to pass a balanced budget amendment and send it to the States, there is a 5-year window in the amendment, plus it takes a couple of years to pass, so it would be about 8 years.

So we could balance the budget in 8 years simply by cutting one penny out of every dollar. One might ask: How could that be, when they are cutting trillions of dollars and not balancing the budget? The reason is, when they talk about cutting spending around here, they are always talking about cutting proposed increases in spending. They are never talking about real cuts in spending. What I am talking about is a real cut.

We spend \$3.8 trillion in our budget this year. One percent is \$28 billion. Next year, we would spend \$3.8 trillion minus \$38 billion. A real cut of 1 percent each year for 6 years balances our budget in 8 years. It could happen, but it is going to take some resolve.

People need to understand the alternative. The alternative, if we do nothing, is that our debt is going to consume us as a nation. We have been warning about this for some time. Senator HATCH has been active. The last time we voted on this was in 1997. Fourteen years later we have had a significant revolution at the polls, and people are anxious to say: Do something, protect us from this mountain of debt. Yet there is still great resistance in this body.

I would say people in this body who vote against the balanced budget amendment do so at their own peril and do it against the will of the people. If they think it is so important to continue to accumulate debt, and that debt is fine, they should vote against this amendment. But they are thumbing their nose at the people. They are thumbing their nose at the American people who are very worried about our Republic and very worried about this debt.

So, Mr. President, I rise today in support of the balanced budget amendment and encourage my colleagues to give serious thought to voting for this amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. VITTER. Mr. President, I too rise in strong support of the balanced budget amendment—the strong, meaningful, balanced budget amendment presented on this side of the aisle because it is an important, necessary effort to rein in the biggest economic problem and threat we have facing us.

I want to dovetail and expand on some of Senator PAUL's comments, with which I certainly agree.

First of all, I hope it is perfectly clear that our debt—our growing, unsustainable level of debt—is a clear and present danger and an immediate danger to our Republic, to our democracy, to our economy, and to our future.

Overspending has been a problem for quite a while in Washington. It has been a problem under Republican and Democratic administrations and Congresses. But forever it was a problem because we were passing on these big debt figures, this big burden to our kids and grandkids, and we were kicking the can down the road. It was a problem for the future which we should correct now but largely a problem for the future.

As Senator PAUL said, that is not true anymore. It is an immediate threat right now. It is not a question of just our kids and grandkids; it is a question of next month, next year, whether we avoid a crisis, as is brewing in Europe, which could be the biggest hit to our economy since the Great Depression, bigger than what we went through in 2008. So this issue is an immediate threat, and it is not some esoteric issue about balance sheets. Again, as Senator PAUL said, it is an immediate threat to the health of our economy, to the prospect and ability of Americans, including young Americans coming out of college, to get good jobs, to settle into good careers.

The second thing, which I hope is obvious, is that to get ahold of this problem, to deal with this threat, Congress needs enforced discipline. We need a fiscal straitjacket because we have proven, unfortunately, over and over, under Democratic and Republican majorities, under Democratic and Republican Presidents, that we are not going to do it on our own. We need the enforced discipline—the fiscal straitjacket, if you will—of a balanced budget amendment.

Why do I say this? Well, even knowing the threat we face right now, what does Congress do? Congress passes a debt plan. We pass cuts. While the so-called cuts of \$2.1 trillion sounds like a lot of money—it is in some sense—it is largely cuts to the growth of government spending. Even under this plan that Congress recently enacted, we are still racking up new debt. We are still adding on \$7 trillion to our already unsustainable level of debt in the next decade, increasing it 50 percent, from \$15 trillion to \$22 trillion. That is the best we can do without enforced discipline even in the crisis atmosphere

we have now, even with the understanding we have now. I hope that proves we need this enforced discipline. The balanced budget amendment Republicans have put forward gives us that discipline we need.

First of all, I wish to compliment so many who have worked with me on it—Senator HATCH, Senator LEE, many others. I was in the working group, and I was in several meetings to get the details right because the devil is in the details. We don't need a fig leaf. We don't need a talking point. We need a balanced budget constitutional amendment that will work.

The details are right in this proposal, and it will work. Why do I say this? Well, within 5 years of ratification, under the amendment, Congress must pass a budget, the President must submit a proposal that is balanced, but not only that, the size of the Federal Government is limited to 18 percent of GDP. That is the long-term historical average of revenues in modern history. That is where we need to be. That is not my decision; that is not the decision of a single Member of Congress; that is the average of where revenues have been in the modern period.

It requires a strong supermajority to ensure that we don't continue the practice of exceeding spending caps with gimmicks and emergency spending for things that are not truly emergencies. For instance, a two-thirds vote of both Houses is required for a specific deficit for a fiscal year. A majority vote is required for a specific deficit when we have a declared war, and it needs to be a declared war in that instance. A three-fifths vote is required for a deficit during a military conflict and—this is important—with the requirement specifically that that is “necessary by the identified conflict.” In other words, the overage from a balanced budget is only for that conflict, not just a general exemption. A two-thirds vote of each House is required to increase taxes, and that is important so that this is not just a mechanism for ever-increasing tax rates that will quickly stagnate the economy. A three-fifths vote of each House is required to increase the debt limit, which is also important.

The details are important. I am confident we have gotten the details right in this proposal.

We also have a Udall proposal, a Democratic balanced budget constitutional amendment. Unfortunately, I think that gets the details very wrong. I am pleased that Senator UDALL and Democratic colleagues on the other side are committed to the notion of a balanced budget constitutional amendment. That is important, and that is progress. But the devil is in the details, and I am afraid they got some of those details very, very wrong. For instance, there is a huge loophole exemption for whenever the country is in a military conflict—not just a formally declared war but any military conflict. Unfortunately, we are going to be in that situ-

ation for a lifetime under the present war against terror, so that is a huge, gaping loophole. Under that loophole, the amount beyond a balanced budget which is allowed isn't specific to that conflict, it is just a general exemption. So it is a big loophole.

There are other loopholes too. Social Security is completely exempt from this structure. I think that is a big mistake because that is part of our budget situation and because we need this very enforced discipline to fix and to save Social Security. That is one of the top items I want to fix and save. That is one of the first places we need this enforced discipline to fix and save Social Security.

I urge all of my colleagues to come together behind this important and necessary enforcement tool. The American people recognize the problem. They recognize this—a strong, meaningful balanced budget amendment—as an important part of the solution. They want us to act in a positive way, and I urge that support for this balanced budget amendment and for that solution.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. DEMINT. I wish to thank my colleague from Louisiana, who has made great points about where we are.

I do think it is good news that we are talking about balancing the budget, but unfortunately, as we often do, this is really a political show more than a real attempt to actually balance the budget. The whole process is set up to fail.

We know the President has said that we don't need to balance our budget and that it is an extreme idea. The majority leader here in the Senate has called a bill that cuts spending and caps spending and sends a balanced budget amendment to the States to ratify the worst legislation he has ever seen. NANCY PELOSI, the Democratic leader in the House, has said that to balance the budget would cost jobs and that we would do it on the backs of the poor. Now we are to believe that our colleagues on the Democratic side here are serious about working with us to balance the budget.

The situation is too serious to just play politics, and I know from talking to a number of my Democratic colleagues that they feel the same way, that they know we need to balance the budget. It is very difficult for them as a party because a lot of their platform is based on more promises for government and more government spending.

In effect, a balanced budget amendment that meant we couldn't spend more than we were bringing in would change politics in Washington forever, which is something we have to do. But at least we are discussing the idea of balancing the budget.

We know that the President's budget, the only budget we have seen—we haven't seen one out of the Senate in the last several years—increased our

debt another \$10 trillion over the next 10 years. It didn't balance it.

Just about every Republican voted for a budget, a 10-year budget offered by Senator PAT TOOMEY that balanced in 10 years without cutting Social Security or Medicare. So we can do it. We can do it without hurting Americans. If we do it now, we can actually control our own destiny rather than what we see across the Atlantic in Greece and other European countries. They lost control of their destiny. They are now in the control of other countries and of fate. But America is still in a position that, if we make the decisions now to begin the process to balance our budget, even if it took 10 years, we could save our country and perhaps save freedom for the world. But there is no question that if we continue on the same course we are on today, we will bankrupt our Nation, lose control of our destiny, and change the world forever. But at least we are talking about balancing the budget, and maybe that is a good first step.

Today, the Democrats have offered a weak alternative to the Republican balanced budget so that they can say they are for it. Again, I think that is important to get on record, that we are at least for the idea of stopping spending more than we are bringing in. For the past 2½ years, as I mentioned, the Senate Democrats, who are in charge here, haven't even produced a budget, let alone the idea of balancing one. President Obama, as I said, proposed a budget that doubled the national debt in the next 10 years. That is not responsible leadership at a time when we are already at an unsustainable debt level.

Despite all the bipartisan promises to cut spending, Washington is still voting to make government bigger and more expensive than ever. And this includes some Republicans joining the fray here to just increase spending. Federal spending went up 5 percent in the first 9 months of the year despite all the hoopla about us doing something about spending.

There is one way to judge whether we are cutting spending or not, despite all the rhetoric here and the Washington-speak. If we want to know whether we are spending more, we just have to ask ourselves: Are we spending more than we did last year? The answer is yes. And we are going to spend more next year than we did this year, based on the bills we are passing this week and next. So this isn't austerity. It is gluttony. It is political gluttony.

Since Obama became President, the debt limit has been raised four times. The debt is rising faster and higher than ever. Yet the Senate refuses to pass a budget or cut spending. We must budget and balance the budget or we are going to bring down our whole country.

Republicans have offered a strong balanced budget amendment that limits government spending to 18 percent of gross domestic product—GDP—and

requires a two-thirds majority to raise taxes, and it has earned the support of every Republican in the Senate. That is pretty unusual for us. Passage of that amendment should have been tied to the last increase in the debt limit, but it wasn't. President Obama was given another \$2 trillion to borrow, and Americans received nothing in return, no cuts in spending.

The Democratic amendment differs in three ways from the Republican amendment.

What Republicans are trying to do is to reduce the level of spending relative to our total economy and to make sure it is difficult to raise taxes to balance the budget. And we should all agree on that. We shouldn't go back to the taxpayer every time we spend too much. The emphasis should be on reducing our spending. But the Democratic amendment doesn't cap spending to the historical levels, which means we can balance the budget by raising taxes and continuing to increase spending. So our amendment is designed to cap that spending at a certain level.

Secondly, the Democratic balanced budget amendment does not require a supermajority to raise taxes. So during regular order here, we can increase taxes to meet the requirement to balance the budget. It would be a nice safeguard for the American taxpayer that we would at least have to get a supermajority to raise taxes in order to balance the budget.

For some reason, the Democratic balanced budget amendment inserts just an element of class warfare, saying that we cannot decrease taxes on those making over \$1 million. It doesn't sound like something we would do anyway, but it is not something that should be part of a constitutional amendment that we send to the States to ratify.

The strong Republican balanced budget amendment would force both parties to find ways to cut spending and reform entitlements. Those are the things we have to do. The weaker Democratic version does not do that because it preserves the status quo where it is easier to raise taxes than cut spending, which is where we are today.

For the past 2½ years, Senate Democrats have not produced a budget, let alone a balanced one. President Obama proposed a budget this year that doubled the national debt. Again, that is not a budget; that is a loan application and this country cannot continue to operate based on more borrowed money and more spending and more threats of raising taxes.

If we want to get the economy going and balance our budget, we have to cut spending. That is the whole idea of the Republican balanced budget amendment. Let's get serious about saving our country and the freedoms for which so many have fought. If we do not do it soon, we will lose control of our destiny.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

Mrs. HUTCHISON. Madam President, I rise today to join many of my colleagues, as Senator DEMINT has said, to endorse the balanced budget amendment that Republicans are offering. We have 47 Republicans in the Senate and there are 47 cosponsors and supporters of this approach to a balanced budget. Our approach addresses the fundamental problem in America and that is government spending. Big problems require bold action. Today's staggering national debt, \$15 trillion, is crippling our economy. We must take action to stop it.

The 40-year average of total U.S. Federal Government spending is 20.8 percent of gross domestic product. For 2011, Federal spending was 24.1 percent of GDP. Looking forward, if we stay on the same course we are on, Federal spending is projected to be 40 percent of GDP in 2046, and by 2085 it will reach 75 percent of GDP. We are reading a lot of stories about European countries that are doing exactly what we are talking about how the future for America will look like if we do not curb spending right now.

Some of my colleagues on the other side of the aisle think increasing taxes will reduce the deficit. However, the facts state otherwise. The trajectory of government spending, as I have outlined, could not be met with tax increases. There are not enough tax increases if you went to 100 percent rate of tax. There would not be enough to support that kind of government spending.

In addition to that, as we have been saying, increasing taxes is going to lower the capability of our small businesses to hire. That is what we are trying to spur right now, more employment. It is going to take systemic changes in government spending to get the debt and deficits down in this country. Lower spending is the only way we can have the systemic changes that are necessary to lower the government burden so the debt begins to get less and less.

My colleagues across the aisle have proposed their solution with a different approach to a balanced budget amendment. In our opinion, it is flawed because it fails to include a supermajority requirement to raise taxes and it separates Social Security from the Federal budget. That might seem like a good idea on its face, to assure that Social Security never goes under because there would not be a connection between Social Security and the Federal budget, but in fact as we speak today it is part of our Federal budget because the Social Security outlays exceed what is coming in revenue from Social Security. Excluding Social Security from our Federal budget would not solve our deficit spending or shore up Social Security's finances for current and future generations. Right now, Social Security is on a glidepath toward insolvency.

I firmly believe that entitlement reform is vital to any long-term solution to our Nation's financial problems. It is essential that we assure the markets that long-term financial challenges are being confronted, and that includes entitlement reform so that Social Security will be on a glidepath toward solvency rather than the other way around.

Earlier this year I proposed a modest Social Security reform that would gradually increase the retirement age so it more closely resembles today's actuarial tables and life expectancy. It would decrease the annual cost of living slightly by adjusting it if inflation exceeds 1 percent. If inflation exceeds 1 percent, then you would have a cost-of-living adjustment. Otherwise, you would not.

In addition to spending reduction and entitlement reform, we need long-term progrowth tax policies in place, not constant threats of tax increases. When we hear our small business people talking about why they are not hiring—because I think probably every one of us in this Senate as we travel around our States and in the country asks our small business people why aren't you hiring? Why aren't you adding to our economy?—they say two things. They say, No. 1, the regulations of this country are driving them down. It is like a blanket over their capability to produce, get more traction and hire people. So it is overregulation that we are seeing rampant in this administration.

The second thing is our President is always talking about tax increases. He talks about it every time I see an interview or a speech. Those people out there need to pay more taxes. You know what, if you are being constantly threatened with more taxes, you know you have to look at your budget and adjust, and that adjustment usually means you are not going to hire people if you know your expenses are going to go up through regulations and more taxes.

If we are going to make conditions in this country better for private sector job growth in this country, which certainly would lead to a stronger economy, we have to address spending and tax policy. Our balanced budget amendment moves forward on these fronts. We reduce spending responsibly, to put our country on a fiscally responsible path. We can shift the spending trajectory in this country by passing the balanced budget amendment and implementing a long-term plan that caps Federal spending. The Federal Government has grown exponentially in the last few years. We cannot sustain that. That is not a responsible position when we know unemployment is almost 9 percent. We have to have policies that will encourage employment. That is the way to grow revenue.

We can grow revenue, but not by taxing the people who are hiring. Rather, we can do it by giving them a regulatory playing field that is responsible

and not overbearing, and by making sure we have not only a tax policy that encourages hiring but one that is stable and predictable.

If taxes are going to change every year, that is not predictable and it is not stable. I hate it when I talk to an international company and I am talking to someone in that company—maybe the CEO, or chief financial officer—and I say, why are you moving that part of your company overseas? They will invariably say: Because there is a better regulatory environment.

That is shocking. It is shocking for an American CEO to say we can better predict what the conditions for regulations are in foreign countries than we can in America. That is not the foundation to revive our economy.

We have a balanced budget amendment that we believe addresses the issues of this economy. It will put caps on Federal spending. It will start bringing down the size of government to meet the gross domestic product of our country. Right now it is off balance and we need to put it right so we do start hiring in this country in the private sector. Hiring in the government sector is not a long-term growth strategy. We need jobs in the private sector for permanency and we will do that with a balanced budget amendment that puts caps on spending. Systemic change is what is necessary in this kind of environment. I hope Members on both sides of the aisle will look at these amendments and realize we could help the jitters in the market get calmed by addressing this in a long-term way.

The balanced budget amendment we are offering—and we will vote on tomorrow—is the best approach. It is looked at by people in the real world, the business world, the hiring world. They are saying what they need is stable regulatory environment and taxes that are not confiscatory so they will have the ability to hire more Americans and create greater revenues through people who are working and producing—people who are going to pay taxes, people who are going to export and keep our economy on a growth pattern rather than one that continues to sit there with a high unemployment rate that is stagnating our country.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

Mr. BARRASSO. Madam President, I rise today to join with the Senator from Texas and agree with her about the need for a balanced budget amendment to the Constitution and agree with her comments about the economy in this country and our need to focus on jobs and debt and the spending. I agree with her and I agree with the majority of the American people. That is why I am here today to talk about the balanced budget amendment to the Constitution.

We are at a time in the calendar year where the holidays are rapidly approaching. Americans across the coun-

try are looking very closely at their budget. That is what families do, they look at their budget and they consider what costs are out there and what money is available to deal with those costs. They are looking at gifts and travel and holiday celebrations. They are carefully balancing their regular monthly expenses with these additional special costs in order to avoid starting the new year with a mountain of new debt. Americans understand there are consequences for irresponsible spending. Folks know if they make decisions which they later decide were not the best decisions, then by New Year's Day bills will come due and they will have real concerns.

Formulating a responsible budget is not always easy, but it is absolutely necessary. It is the right, the reasonable, and the responsible approach. The problem is, unlike the rest of this country, Washington does not seem to be concerned about responsible budgeting. In fact, Washington does not seem to be concerned about any kind of budgeting. In Washington, the President is responsible for submitting a budget every year. Congress is then responsible for passing a budget every year. It has not happened this year; it did not happen last year. The House of Representatives did their job when they passed PAUL RYAN's budget, but this body, the Senate, did nothing. In fact, this Senate has not passed a budget in over 950 days.

What has happened in the last 950 days? Well, in 2010, the Chairman of the Joint Chiefs of Staff said: "The single biggest threat to our national security is our debt . . ." The single biggest threat to our national security is our debt. Washington did nothing.

A year ago this month, the President's bipartisan commission made recommendations to rein in the debt. The recommendations have been largely ignored. More recently, the Joint Select Committee on Deficit Reduction failed to present a plan to cut \$1.2 trillion from the deficit as required by the legislation. Our national debt is now over \$15 trillion. Our credit rating has been lowered for the first time in the history of this great Nation. So here we are, \$15 trillion in debt and no real plan to get out of it. The American people deserve better. They expect better.

Back home in Wyoming folks understand the importance of balancing budgets and living within their means. What they don't understand is why Washington doesn't get it. A constituent from my hometown of Casper—Mike Brewster is his name—wrote to me earlier this year. Folks in Wyoming like Mike get it. Mike wrote:

One of the values that makes our state and our communities so strong is being financially solvent. We do not spend more than we make. If we max out our credit cards, we don't ask for higher credit limits, we cut our spending. To do anything else would label one a fool.

Referring to the national debt, he went on in his letter and said:

Let's be clear; this is a crisis. This crisis wasn't caused by a lack of revenue; it was caused by spending way beyond our means. The only logical solution is to reduce spending—that is the "Wyoming Way." That is what your constituents would have to do if they had the same mess in their personal finances, and that is what you must do to properly represent us.

Mike is absolutely right, this is a crisis. It is a crisis that could have been prevented and a crisis where we need to solve it by doing the right thing. If we are going to balance Uncle Sam's checkbook, we need to stop charging everything under the Sun to the taxpayers' credit card. That means we need to stop spending more than we take in, and in order to achieve this, I believe that now, more than ever, we need a balanced budget amendment to the Constitution.

Amending the Constitution is not something I take lightly. This is the single most important document in our Nation's history, and I am very hesitant to suggest amending it. However, Washington's unwillingness and inability to be responsible stewards of taxpayers' dollars has left us no choice. We need to begin the long road to financial recovery by balancing each and every budget. We do it in Wyoming, and Washington should follow suit.

The balanced budget amendment is not a new idea. In fact, a bill that would have sent a balanced budget amendment to the States for ratification failed by one vote in 1997 right here in the Senate. Over the years many Democrats who serve in the Senate today have voiced their support for a balanced budget amendment.

Senator SHERROD BROWN, Democrat of Ohio, said:

Before I ask for your vote, I owe it to you to tell you where I stand. I'm for . . . a balanced budget amendment.

That was what he said in 2006.

DEBBIE STABENOW had another similar quote in 2000: "I crossed the line to help balance the budget, as one of the Democrats that broke with my party."

Senator HARRY REID, the majority leader, said back in 1997 when they were voting on a balanced budget amendment: "I believe we should have a constitutional amendment to balance the budget. I am willing to go for that."

Senator TOM HARKIN said: "Mr. President, I have long supported a balanced budget amendment. I expect to do so again . . ."

We could go on and on with Democrats who in the past stood up to support a balanced budget amendment.

It seems to me if folks on the other side of the aisle are serious about balancing the budget, they will support the only balanced budget resolution with teeth. The Republican plan imposes real spending discipline that cannot be undermined by simply raising taxes on hard-working Americans. If we are going to amend the Constitution, we need to make sure the balanced budget requirement cannot be easily sidestepped by either party. The Republican plan does just that.

Our creditors will not wait for a politically convenient time to collect our debts. We simply cannot afford to wait any longer to reduce those debts. Irresponsible, unsustainable spending and debt has consequences, consequences we simply cannot afford to pay.

If you don't believe me, look at Europe. Everyone in this body needs to take a long, hard look at Europe and then decide what future they want for our great Nation. This is not about doing what is right for Democrats or Republicans; it is about doing what is right for all Americans and for this entire country.

As Art Middlestadt from Cheyenne, WY, said in a recent e-mail: Allowing our children to suffer the consequences of Washington's reckless budgeting is unconscionable. Well, this is about showing Art and the rest of America that we hear them and we understand them. Families know this, individuals know this, and the sooner Washington knows this, the better.

I urge all of my colleagues to vote in favor of balancing the Federal budget.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma.

Mr. INHOFE. Madam President, one of the things about a debate such as this is that I have something I always do, and that is I will sit down and cross off things I was going to say that somebody else has already said. Unfortunately, almost everything has been said, but there are a few things that have not. I wish to put this in a more of a historic perspective.

I can remember back in 1968. In 1968 I was elected to the Oklahoma State Senate, and at that time we were all concerned about the deficit spending and the debt in this country. I remember so well a kind old gentleman from Nebraska. He was U.S. Senator Carl Curtis. Carl Curtis contacted me—because I was kind of an aggressive person at that time—and said, I have an idea. I have been up here trying to pass a balanced budget amendment to the Constitution and I have been trying for years to do it. One of the primary objections they have is they could never get the majority, the three-fourths necessary to ratify the Constitutional Amendment. He said, this is my idea: Let's go ahead and get three-fourths of the States to preratify a budget-balancing amendment to the Constitution. I thought that was an ingenious idea, and so we did.

I passed a resolution in the Oklahoma State Senate in 1968 that said we were going to preratify it. In fact, we came within one State of having the three-fourths necessary to do that; not that that would have preratified it, but it would have taken away the argument that Carl Curtis had that they objected to in that they would never be able to ratify this in the States. I thought that was a great idea. We came close to doing it way back in 1968. I remember this very well. I was trying to impress upon the American people

how much that debt was, and at that time the debt was \$240 billion. I said, if you take dollar bills and stack them up, by the time you get to \$240 billion, it is the height of the Empire State Building. That was only \$240 billion.

A lot of the groups and Members who are opposed to passing the balanced budget amendment think we don't need one. They actually believe Congress and the President can balance the budget without any enforceable accountability. But in 1986 when the amendment failed by one vote—and I remember that year so well because that was the year I was elected to the House of Representatives here in Washington—the national debt at that time was \$2.1 trillion. By 1997, when the Senate considered the amendment again, the debt had risen to over \$5 trillion, and it got up to about \$10 trillion when this President took office, and that is where this all starts.

What has happened since President Obama has been in office is something that is totally unprecedented in the history of this country. In the years he has been there, it has gone up 42 percent. I was concerned back in 1968 with \$248 billion, and now the increase in this short period of time has gone from \$10 trillion to \$15 trillion.

I think everyone knows the need to reduce spending is evident. We don't have to do anything more than look across the Atlantic. I think my friend from Wyoming covered that pretty well. When you stop and think what has happened to these countries over in Europe—and it is not just Greece and Italy; there are other countries too. They could not resist their insatiable appetite to spend money they did not have. What has happened there is happening in this country. I agree with my friend from Wyoming, we are right behind Europe in this case.

I remember, and probably everyone in this Chamber remembers, during your elementary years reading about the history of this country. A guy named Alexis de Tocqueville came to the United States. He came here, oddly enough, to study our penal system. That was back in the founding years of this country. When he got here, he was so impressed with the wealth of our Nation that he stayed and wrote a book. In this book he talked about how one plot of land was given to each person who came over and they were able to keep the benefits of their hard labor, and the prosperity was indescribable at that time. It is said in the last paragraph of the de Tocqueville book that once the people of this country find they can vote themselves money out of the public trust, the system will fail. That is why I say this is not an ordinary time. This is not 1968, 1986, 1997, where we tried this before. This is to the point where we will realize the accuracy of de Tocqueville's prediction.

It has been publicized recently that 47 percent of the people are not paying Federal taxes and not paying income taxes. That is dangerously close to

that 50 percent he was talking about several hundred years ago. So this year Washington has been patting itself on the back with the Budget Control Act we passed in August which cut spending by \$900 billion over the next 10 years. We are slowly starting to chip away at appropriations bills. These have not been as advertised. They have not come close to solving the problem. This is demonstrated by the fact that next year's deficit is still expected to be right around \$1 trillion. I know this is kind of offensive to some of the people who participated in this great committee that was charged with the great responsibility of finding \$1 trillion over 10 years.

When I talked to a large chamber group in Oklahoma on Monday morning—we had over 500 people there—I said: Can you understand what is happening here in terms of the request that has been made of coming up with \$1 trillion over 10 years?

As the Senator from Wyoming said, the President submits a budget. It is not the Democrats, not the Republicans, not the House, not the Senate. It is the President. He has now submitted three budgets. In his three budgets he has had deficits each year of almost \$1.5 trillion.

I remember in 1997 going down to the floor when Bill Clinton was President of the United States, and that was the first \$1.5 trillion budget to run the country. That was \$1.5 trillion to run the entire United States of America. Yet this President has come up \$1.5 trillion in deficit over and above the revenues we had each year for 3 years.

If you have the requirement of coming up with \$1 trillion over 10 years and yet this President has increased the deficit by almost \$5 trillion in the short period of time—it probably will be \$6 trillion by the time the last budget is realized—then how in the world are you ever going to dig out of this? Well, the answer is you cannot.

Further, when I was talking to the people in Oklahoma on Monday, and I said, the requirement for the first year was \$44 billion—if you take \$44 billion as a requirement to cut spending in the first of 10 years and yet the President has had an increase of \$1.5 trillion in his budget for 1 year, obviously that is not much of a requirement.

Obviously, that is not much of a requirement. That is not going to do. So to me that demonstrates what we are not able to do without having a balanced budget amendment to the Constitution. The amendment we have makes it difficult to raise taxes. It also requires that the President and Congress pass a balanced budget each year. It does something else that is very significant. The amendment would also limit the amount of spending allowed to 18 percent of GDP, which is the historic level of revenue the Federal Government has collected since World War II.

So it covers these things. People complain about it, saying: Well, we do

not know. There could be times of crisis. There could be times of war.

This has it built in. If we are in a declared war, you do not have to follow the guidelines in the balanced budget amendment. In fact, you could actually violate it because that is in times of war. We understand that. If it is not a declared war, you can do it with a supermajority. So this has those built in safeguards to take care of contingencies that we cannot determine what they are right now, such as war, such as a crisis we have.

Now, some of those people—not too many people will come to the floor and say this, but in their own minds they still believe this idea that more government spending can actually make the economy grow. And I do not know how they can still believe that after what they call the American Recovery and Reinvestment Act. It was \$825 billion. That was supposed to be a stimulus package. That was supposed to stimulate the economy. Yet only 3 percent of that actually went to things that specifically would stimulate the economy, such as roads, bridges, and things we were supposed to do. It was all financed with extra government debt and with projects such as Solyndra, which has gotten a lot of attention recently, and other projects. It was more social engineering. We all know that. So we know you cannot increase spending to pull us out of the situation we are in. They also said that would cause the unemployment rate to get down to well below 8 percent. Of course, we know now that it did not do that. So none of the projections actually came to be realized. The economy is still very weak despite the fact that the President was able to secure nearly \$1 trillion in stimulus spending. It did not help this time. It is not going to help again. It never helped in the past.

To enforce the amendment, the courts would be prevented from mandating tax hikes. Further, to raise the debt limit, a three-fifths majority of both Chambers—both, not just one—would be required.

So it does take care of all of these contingencies that I think would be necessary and answers the complaints that people have who say it would be dangerous to have a balanced budget amendment.

I know it works. The funny thing about it, when they say it will not work, look at the laboratories we have for the Federal Government. My State of Oklahoma, balanced budget amendment. It has all of these things built into it. In fact, it is not as generous as the one we are advocating. But nonetheless, I remember my years in the State legislature. We would get up toward the end of the year, and they would say: Well, wait a minute, we can't do that because we can't go into a deficit. If the States can't do it, we can pass the same thing.

So I would merely say, try to put it in the historic perspective. If you do that, then you will see why it is a sense

of urgency that 47 percent of the people are on the receiving end of government. It would turn around and get to that point where, as Tocqueville said, we cannot go beyond.

Remember in 1968 the Carl Curtis thing. That was a \$240 billion deficit; 1986, \$2.1 trillion; in 1990, it was up to \$10 trillion. It took all of that time to get up to \$10 trillion. That has almost doubled with this one administration, with this President. So this is not business as usual. This is not like the balanced budget amendments have been in the past. They are structured very much the same way, but the sense of crisis is here.

I have 20 kids and grandkids. What we do here is not going to affect me personally, but it is going to affect future generations. This is an opportunity to really do something meaningful.

I urge the support of S.J. Res. 10, a strong balanced budget amendment to the Constitution.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

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

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

Ms. AYOTTE. Madam President, I rise today to join my colleagues in expressing my clear and unequivocal support for a balanced budget amendment to our Constitution, Senate Resolution 10.

With our out-of-control and unsustainable debt threatening nothing less than the American dream and the opportunities that will be available for our children and our grandchildren, we need to pass a meaningful balanced budget amendment, and this, in my view, can be one of the single most important steps we can take to get America's fiscal house in order and to save our country from looming insolvency.

Madam President, 49 States in this country have some requirement to balance their budget. The Federal Government should be no different. My home State of New Hampshire has a legal requirement to balance its budget and has long followed this commonsense tradition of fiscal responsibility.

This is a subject I have discussed extensively with my constituents over the last year while I have done town-hall meetings throughout our State focusing on our Nation's debt crisis. I have done a PowerPoint presentation to show my constituents the hard numbers on the fiscal state of this country. And it is deeply troubling where we are today: 3 straight years of \$1 trillion-plus deficits, over \$15 trillion dollars in debt, Medicare and Social Security on a path to insolvency as early as 2024 and 2036, respectively, and nearly half of our debt—47 percent—currently is being held by foreign entities, and the

single biggest foreign holder of our debt is China.

I also talk about spending and deficits in terms of how it relates to your average New Hampshire family. In New Hampshire, if you use Washington's budgeting logic where we are borrowing 40 cents of every single dollar—in 2008, the New Hampshire median household income was \$66,000. If you used Washington logic, the amount that family would spend would be \$107,000 or \$41,000 more than they earned. That would never fly in New Hampshire where families sit around their kitchen tables and they use their common sense to balance their budget. Yet in Washington we continue to perpetuate this borrowing to sustain our government every day.

If you look at where we are, one of the most troubling statistics that really impacts our economic growth is the share of our gross debt to the size of our economy or our GDP. That is now 100 percent. Just 5 years ago, that ratio was closer to 60 percent.

As many of us in this Chamber are aware, economists Carmen Reinhart and Ken Rogoff have concluded in a study that over the past century, for nations that reach where we are, where total debt reaches over 90 percent of the size of our economy, there is a negative impact on economic growth. And we can expect lower job growth and fewer economic opportunities. We certainly cannot afford that in this troubling time for Americans.

So not only do we need to get our fiscal house in order because it is the right thing to do so we are not dependent on other countries such as China to fund our government, we also need to do it so we can provide opportunities for future generations of Americans.

New Hampshire citizens understand we cannot keep spending money we do not have. They make those commonsense decisions on their own family budgets. Small business owners in New Hampshire are astounded when I tell them our Federal Government is operating without a budget. They would never run their businesses without a budget. But they do not understand why Congress cannot even perform such a basic function of passing a budget blueprint.

It has now been 958 days since the Senate last passed a budget. I have to say that I was really honored and excited to be the newest appointment to the Senate Budget Committee. However, I have been incredibly, incredibly disappointed that we have not in that committee done the hard work that needs to be done, the thing that is right for this country—to sit down, to make the hard choices, to put together a budget blueprint and to pass a Senate budget, to have the robust debate on the Senate floor about how we prioritize our spending and how we live within our means. The American people deserve better. They deserve us to do our job and to pass a budget for our country that is fiscally responsible.

In that time, in those 958 days that the Senate has not passed a budget, the Nation's debt has increased by \$3.9 trillion. When you think about it, it is deeply troubling. I am hopeful that if we bring forward and pass the requirement of a balanced budget amendment to the Constitution, it will also force Congress to do the basic function of putting together a responsible and balanced budget for our country.

I cannot emphasize enough the urgency of passing this budget control measure, the balanced budget amendment, Senate Resolution 10. I think it is important for my constituents and the American people to know, if we pass the balanced budget amendment in this body, in the Congress, this is putting the question to you, to the American people, to decide, do you want the Federal Government to balance its budget?

So when we pass an amendment to the Constitution, we are simply sending along to the States the decision of should we amend our Constitution. I cannot think of anything more important than sending that question to the American people, to our State legislatures, to decide should we live within our means; should we be bound by the same requirements the States have, by the same common sense we find at home to balance our budgets and live within our means.

Madam President, for fiscal year 2011 we spent 24.1 percent of our GDP. That is well above the historical spending average of a little over 18 percent, if we go back to 1960 where the revenue we had has come in. So we are at a huge trajectory of spending at 24.1 percent. Yet in 2011 our revenues only accounted for 15.4 percent of our economy because of the difficult times we are in relative to our economic growth.

Under the Republican proposed balanced budget amendment, we put the handcuffs in place that are needed to put us on a path to eliminate this by capping Federal spending at the historical level of revenue at 18 percent. Why is this important? It is important because we can't continue to spend well beyond our means. We have to acknowledge that a meaningful balanced budget amendment will also cap Federal spending at its historical levels.

It is not difficult to see what will happen if we don't get control of our fiscal situation right now. Budget shortfalls will only get much worse, driven by massive increases in entitlement spending and interest payments, and the reality is the failure to act will result in America going the way of what we see happening in Europe right now, the way of Greece, Italy, and Ireland: our economy in tatters and our standard of living greatly diminished.

We cannot let that happen to our country. We must act now. We must pass this balanced budget amendment in the Senate and send that question to the House and also send that question to the States so the people of this country can decide if we should be re-

sponsible and have to balance our budget. Left unchanged, Medicare, Social Security, Medicaid, and other mandatory health programs alone will eventually grow to consume every single dollar of the revenues our government takes in.

Without reform, the Social Security trustees project the program will be insolvent by 2036. As a result, beneficiaries may see a benefit cut of 23 percent in just 25 years. The Medicare trustees project it is even more immediate and dire. The Medicare trustees project Medicare will be insolvent by the year 2024.

It doesn't have to be that way. We need to show the political will and courage to reform these programs, make them sustainable, and to reform them and preserve them for those like my grandparents, who are relying on them, and for future generations to know that these programs will be there. But if we fail to take this challenge on now and continue to kick the can down the road, then these programs will be greatly diminished, and they will continue on an unsustainable path that is bankrupting our country.

In this debate, it is important to remember that in 1997 the balanced budget amendment failed to pass this body by only one vote. At that time, our national debt stood at \$5.4 trillion. We now have a \$15 trillion debt. That debt equates to about \$128,000 per household. That is a huge amount of money to an average household. Under the Budget Control Act, which I opposed last August, the debt will be allowed to reach a new limit of \$16.4 trillion, left unchecked.

Congress has raised the debt limit 79 times since 1960, and in just 4 short months since the debt limit was last increased, over \$700 billion has been added to our debt, since we took that action in August.

Speaking of the debt limit, the Republican-backed balanced budget amendment will require a congressional supermajority to raise the debt ceiling. That means three-fifths of both Chambers will have to approve unless it is a time of war. That would require a majority in a time of war. That is a very important measure because we can't continue to increase the debt limit without addressing the underlying drivers of this fiscal crisis that faces our country.

I also want to briefly touch on taxes. The Republican version of the balanced budget amendment, S. Res. 10, would require a supermajority to raise tax rates. We have a spending problem, not a revenue problem. Under S. Res. 10, a two-thirds approval of both Houses of Congress would be required for any bill "that imposes a new tax or increases the statutory rate of any tax or the aggregate amount of revenue."

My friends on the other side of the aisle are proposing an alternative—S. Res. 24—to the balanced budget amendment that I have just described. While this proposal sounds good, it fails to

squarely address the magnitude of the challenges we face. It doesn't apply to all spending. It also doesn't contain a cap on spending. It does nothing to strengthen our entitlement programs, and it does nothing to make it harder to raise taxes. It does nothing to make it more difficult to raise the debt ceiling. In my view, it is insufficient to be meaningful to pass along to the States for a vote.

The Republican alternative contains the elements that I just talked about—a balanced budget, spending caps, a supermajority to raise taxes, and making it more difficult to raise the debt ceiling, unless and until we address the underlying causes of our fiscal crisis.

This issue is deeply personal for me. I fundamentally believe all of us have a duty to make this country stronger than we found it. As the mother of two young children, Katherine, now 7, and Jacob, 4 years old, who are both very excited for Christmas, I want the American dream to burn as brightly for them as it has for me. It is not too late for our country or for this body to make the tough decisions that will put our country on a fiscally responsible path.

I feel a solemn duty to make sure we make those choices now and that we don't continue to kick this can down the road to future generations and burden them with a debt they did not incur. The last thing I want is for my children to ask me: Mom, you knew we were going bankrupt. What did you do to save our country?

Now is the time for courage. All of us recognize the enormity of the fiscal challenges we face, as well as the dire cost of continued inaction in this body. The Republican balanced budget amendment provides a solid foundation that will set our Nation on a fiscally responsible path. This is an urgent need that we have right now. We cannot do what we did in 1997 and fail to pass the balanced budget amendment. We should send this question to the States and let them decide, let the people of this country decide: Should we live within our means? Should we balance our budget? Should we deal with this debt crisis now and make sure our children and all children and our grandchildren will have the same opportunities we have been blessed to have in the greatest country on Earth?

I urge my colleagues to support S. Res. 10.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. CONRAD. Madam President, I agree with the Senator from New Hampshire on some of what she said with respect to facing up to our deficit and debt. This debt does present a clear threat to our country, and it must be confronted. I agree with her entirely on the question of the importance of that and the priority of it.

I disagree entirely with respect to this amendment that is before us. I came to the Senate floor to address this balanced budget amendment because I believe it would be a profound

mistake for this country. In fact, I believe if this amendment were in force today we would be in a depression. I believe adopting this amendment would have and could have disastrous consequences for the economy and for the future strength of this Nation.

I would like nothing more than to have a balanced budget. I believe in balanced budgets. I believe this debt represents a clear threat to the country. But I do not believe a constitutional amendment is the way to achieve it. I believe the way to achieve it is for us to make the decisions to balance the budget, to cut the spending, to raise the revenue, to actually balance the budget—not leave it to a constitutional amendment or to unelected judges or to the States but to make those decisions here and now.

I have been part of the fiscal commission where 11 of 18 of us agreed to a plan to get our debt under control. I have also been a part of four Democrats and four Republicans who have produced a plan that would get us back on track.

Here are the key provisions in the proposal before us. First, it would require the adoption of a balanced budget each year unless two-thirds of the House and the Senate voted to waive the requirement.

Second, it would cap spending at 18 percent of the prior year's gross domestic product, again, unless two-thirds of the House and the Senate voted to waive the requirement.

We have not had a spending level of 18 percent of GDP in as long as I can remember. So that is a formula I think that goes against the reality of the needs of this country—not only the need for support for education but also for our national defense.

It would prohibit passage of any bills that increased revenue unless two-thirds of the House and the Senate voted to waive the requirement. The Senator just showed a chart that showed revenue at the lowest level it has been in 60 years as a share of our national income. Again, revenue is the lowest it has been in 60 years. This constitutional amendment would say it would take a two-thirds vote to change it. Really? Revenue is the lowest in 60 years, and we are going to have a two-thirds vote to change it? Boy, that is a guarantee we are not going to have the necessary revenue to balance the budget anytime soon.

It would require a three-fifths vote in the House and Senate to increase the debt limit.

Here are what I see as the key problems with this proposal. First, most important, it would restrict our ability to respond to economic downturns. It would effectively block the implementation of countercyclical policies. This would only compound economic declines and possibly throw us into a recession or even into a depression.

Two of the best known economists in this country did a review of what would have happened absent a Federal

response after the events of late 2008. Alan Blinder, former deputy head of the Federal Reserve, and Mark Zandi, the head of Moody's Economics, a former campaign adviser to JOHN MCCAIN, did an analysis of what would have happened in this economy absent the Federal response—the TARP and the stimulus. Their conclusion is that had we not had that Federal response, we would be in a depression today. We would have 16 percent unemployment. We would have 8 million more people unemployed.

This amendment would have prevented that response. What a mistake, what a profound mistake. Further, this amendment uses Social Security funds to calculate balance and subjects the Social Security Program to the same cuts as other Federal spending. Further, it shifts ultimate decisions on budgeting to unelected and unaccountable judges.

Finally, The State ratification process for a balanced budget amendment could take years to complete.

We don't have years. We need to act now, and we don't need an excuse for inaction by saying: Oh, we passed a balanced budget amendment to the Constitution that will not take effect for God knows how long.

Here are some additional problems that are specific to this proposal. The 18 percent of GDP spending cap is Draconian and unrealistic, particularly given the retirement of the baby boom generation and rising health care costs. The restriction on legislation that raises revenue would effectively prevent any increase in revenue, even if it is part of a bipartisan, balanced debt reduction plan.

What a profound mistake that would be. Again, I repeat: Revenue as a share of our national income is the lowest it has been in 60 years. Spending as a share of our national income is the highest it has been in 60 years. So this proposal would absolutely handcuff us on the revenue side of the equation, locking in deficits for God knows how long. It doesn't make sense.

Making it more difficult to raise the debt limit, this proposal increases the likelihood of default. We saw the turmoil created by our near default this summer. Why would we want to make an actual default far more likely to occur?

We can also see that on our current course, by 2021, spending on Social Security, Defense and other nonhealth care spending and interest alone will reach more than 18 percent of GDP. What is missing? Medicare. If we stay on our current course, under this balanced budget amendment, Federal spending on Medicare would have to be completely eliminated. Let me repeat that. On our current course, by 2021, spending just on Social Security, Defense, nonhealth care spending, and interest alone will reach more than 18 percent of GDP. What is missing? Medicare. Medicare would have to be completely eliminated if we aren't to

change what we are doing with Social Security, not to change what we are doing with Defense and other non-health care spending. Obviously, we can't do anything about the interest expense. That has to be paid.

It is notable an 18-percent spending limit is so unrealistic that even the House Republican budget would violate this restriction in every single year. Let me repeat that. This 18-percent restriction on spending is so unrealistic that even the House Republican budget would violate this provision in each and every year of its life.

Norman Ornstein, a respected scholar at the American Enterprise Institute—a Washington think tank—described a balanced budget amendment as a very dumb idea. In a column in Roll Call earlier this year, he wrote:

Few ideas are more seductive on the surface and more destructive in reality than a balanced budget amendment. Here is why: Nearly all our states have balanced budget requirements. That means when the economy slows, states are forced to raise taxes or slash spending at just the wrong time, providing a fiscal drag when what is needed is countercyclical policy to stimulate the economy. In fact, the fiscal drag from the states in 2009–2010 was barely countered by the Federal stimulus plan. That meant the Federal stimulus provided was nowhere near what was needed but far better than doing nothing. Now imagine that scenario with a Federal drag instead.

Mr. Ornstein has it exactly right. A balanced budget amendment would have a devastating impact on our economy at the worst possible time. Mr. Ornstein is not alone in that sentiment. Macroeconomic Advisers, a leading economic forecaster firm, had this to say in a company blog posted in October:

If actually enforced in fiscal year 2012, a balanced budget amendment would quickly destroy millions of jobs while creating enormous economic and social upheaval. The effect on the economy would be catastrophic.

Let me repeat that. The effect on the economy would be catastrophic.

Continuing the quote:

No model could capture the ensuing chaos and uncertainty, which would make matters far worse.

Macroeconomic Advisers went on to conclude that enforcing a balanced budget amendment in 2012 would result in 15 million fewer jobs.

Let me repeat that: 15 million fewer jobs. That is largely in line with the Blinder and Zandi analysis of what would have happened absent the Federal response to the economic downturn.

Here is what Bruce Bartlett, a former Reagan administration economic adviser, wrote in a New York Times online column in November:

The idea of mandating a balanced budget through the Constitution is dreadful. And the proposal that Republican leaders plan to bring up is, frankly, nuts. The truth is that Republicans don't care one whit about actually balancing the budget. If they did, they would want to return to the policies that gave us balanced budgets in the late 1990s. Of course, no Republican favors such policies

today. They prefer to delude voters with pie-in-the-sky promises that amending the Constitution will painlessly solve all our budget problems.

We must absolutely address the Nation's deficit and debt. Our friends on the other side have that exactly right. Our economic future depends on our ability to put the budget back on a sound long-term path. That is why I believe what is actually needed is for us to put our energy and effort into writing a budget that actually balances, cutting the spending, raising the revenue, making the tough choices. That is the best way forward.

A balanced budget amendment to the Constitution is not the answer, and this balanced budget amendment is particularly troubled. It would restrict our ability to respond to economic downturns, it would impose a draconian and unrealistic spending cap, and it would effectively prevent any increase in revenue, even if it is part of a bipartisan balanced deficit reduction plan.

I urge my colleagues to reject this amendment.

On a separate matter, let me just say when my colleague said we don't have a budget, we do have a budget. I sometimes think our colleagues missed out on what happened on August 2. We passed the Budget Control Act. The Budget Control Act provided a budget for this year and for next year. That is the budget we are operating under. It was passed in the Budget Control Act on August 2.

So when they put up these signs that say we haven't had a budget for 958 days or 858 days, that is not right. We do have a budget. They may not particularly like the budget. They certainly may not like the way it was done because it wasn't done through the regular process. It wasn't done as a budget resolution. It was done as a law. Budget resolutions are not signed by the President of the United States; they are purely a congressional document. The Budget Control Act is actually a law. It imposed a budget for this year and next year and 10 years of spending caps. That is the law of the United States. That is a budget.

For my colleagues to stand and say we don't have a budget, it almost makes me wonder, did they miss out on the debate and the passage and the signing of the Budget Control Act? I tell my colleagues, that is our budget. It is in law. It is not just a resolution, it is the law of the land.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER (Mr. BLUMENTHAL). The Senator from Utah.

Mr. HATCH. Mr. President, I have listened with a great deal of interest to my good friend and colleague, and I do care a great deal for him. He has been budget chairman for quite a while. Frankly, he has been a lone voice over on that side, trying to get all of us to live within our means. I have great respect for him for at least trying.

But we call budgets line-by-line discussions of just exactly what are the inflows and outgoes as determined by the Budget Committees. He hasn't been able to pass a budget mainly because he can't get his side together to do it. It is a disgrace not for him but because our colleagues will not do it. Nobody wants to do that because if they truly had a budget, that would mean we would have to get spending under control. We can't just keep doing it by adding taxes. We have a low rate of income coming in right now mainly because spending is completely out of whack.

I listened to my colleague very carefully. I have to say he made a tremendous case for the constitutional balanced budget amendment because he kept going on and on about all the problems we have. He didn't mention we have been spending 25 percent of the GDP. Usually, that is around 20 percent. So 25 percent is a whopping amount of money. Our former CBO Director said: I guess the new normal will be somewhere around 23 percent. We have been spending around 20 percent, while the revenues are around 18 percent. Now they are spending 25 percent of our GDP.

If there was ever an argument as to why we need some restraint in the Congress of the United States, it is, No. 1, they can't get a budget over there. We have a darned tough enough time over here when we are in charge. No. 2, we are spending this country blind. I think the distinguished Senator made that case eloquently. I think it is both parties too. But there is certainly one party that is much more used to spending than the other—I have to say that—and it is not the Republican Party.

Look, all I heard in this last dissertation was what a rough road to hoe our country has. This amendment allows for 5 years to gradually reach a point where we can live with a balanced budget constitutional amendment. What it does is send a message to everybody in this body and the other body, over in the House of Representatives, that the game is over. We better get it in shape in 5 years. Some people don't think we can do it in 5 years. I am not so sure we can, but we have to try.

Let me tell you, this country is in real trouble. My distinguished colleague and friend, whom I admire greatly because he does tell it the way it is—though sometimes has his own interpretation as to the way it is—made a pretty darned good case that we are out of control. I have only been here 35 years, but I have to say I haven't seen many days where we have even come close to a balanced budget, and I have seen spending after spending after spending and demands for taxes so they can spend more. Both sides are at fault, in my opinion, but one side much more than the other.

I just wanted to make these points, because, my gosh, he made a great case

for the balanced budget constitutional amendment. Frankly, I don't see how anybody listening would say the current way we are doing things is the right way to do it. Yes, this amendment would put constraints on Congress, and they would be tough constraints, but don't buy this argument there is no way we can raise revenue or no way we can spend under certain circumstances.

It is just that you have to have a supermajority vote to do it, and you are going to have to make a case for it for the first time, in my time here, I will tell you that.

I don't think anybody in this country thinks Congress is doing what is right with regard to raising taxes and spending. I have to say that I have watched it for all these years I have been in the Congress, and it is not working because we don't have the constraints that make us have to make it work. That is what this balanced budget amendment is all about.

What they offer as a balanced budget amendment wouldn't put constraints on anything. It is just there so they can have something to vote for so they can say they voted for a balanced budget amendment. It is anything but a balanced budget amendment.

Ms. COLLINS. Mr. President, I rise today to talk about the urgent need for our government to begin living within our Nation's means. We face a very grave fiscal crisis, one that threatens America today and the American dream for future generations. It demands that we get our Nation's fiscal house in order. So I am pleased the Senate is now debating a balanced budget amendment to our Constitution.

In February 1997, a month after I came to the Senate, I went to the Senate floor to urge my colleagues to pass a balanced budget amendment to the Constitution to prevent our growing debt from swallowing our future prosperity. Unfortunately, that effort came up one vote short. Since that time, our national debt has ballooned to an astonishing \$15.1 trillion.

Sometimes when we deal with large numbers, it is easy to lose sense of what they mean and difficult to put them into context. What \$15.1 trillion in debt means is that a child born today will automatically inherit a debt burden of more than \$48,000. That debt has been largely accrued not for that child's benefit but for our own. It is difficult to imagine a more egregious example of taxation without representation than forcing our children and grandchildren to bear the future tax burden for today's excesses.

Unfortunately, as we have seen over the last decade, the addiction to budget deficits is not simply a Democratic or Republican problem. Both parties have had a difficult time showing restraint when it comes to spending. We have had Gramm-Rudman-Hollings, the Deficit Reduction Act, and the Budget Enforcement Act, and yet deficits not

only persist but have grown larger. The fiscal year that ended on September 30 marked the third consecutive year in which the United States has run deficits in excess of \$1 trillion. Deficits have become a part of the way that Washington does business. Spend now and let someone else deal with the consequences later.

Those spendthrift ways are catching up with us. Our skyrocketing debt has become a drag on our economy and a threat to our future prosperity. We simply do not have the luxury of putting off difficult decisions. We are consistently spending more than we take in, and by a large margin. In the last fiscal year, government outlays totaled 24.1 percent of gross domestic product—the second highest level, after 2009, since World War II. Despite the very serious warning signs that we are on the wrong fiscal course, this marks the second consecutive year that the Senate has not even bothered to pass a budget resolution.

It is progress that the Budget Control Act that passed last summer includes caps on discretionary spending, and I have worked very hard with my colleagues on the Appropriations Committee to put together responsible and thoughtful spending bills that live within those caps. But, as my colleagues know, the biggest driver of our long-term debt and deficits is not discretionary spending but the mandatory spending that continues to balloon on autopilot.

Like many of my colleagues, I had hoped that the so-called supercommittee, which was created by the Budget Control Act, would be able to reach bipartisan agreement to reform mandatory spending and change our fiscal trajectory. Unfortunately, that bipartisan agreement remains elusive as both parties failed to come up with a deficit reduction plan that was capable of winning a simple majority of panel members. Instead, we have automatic spending cuts that are set to kick in, which could have very serious consequences for our national defense. Again, Congress has avoided making difficult choices about our national priorities.

The events currently unfolding across the Atlantic, with European leaders scrambling to stop the debt contagion that threatens the economic prosperity of the continent, should be a clear warning signal to us of what could come if we do not stem the tide of red ink that is engulfing our Nation. We must put in place structural reforms that will permanently force Washington to align expenditures and revenues.

Every day when I enter my office building, I am reminded of the famous quote attributed to its namesake, Senator Everett Dirksen. The wry observation he offered some four decades ago—“A billion here, a billion there, and pretty soon you’re talking about real money”—seems tragically quaint today. I am convinced, now more than

ever, that a balanced budget constitutional amendment is what is needed to address our growing debt and deficits.

Mr. McCAIN. Mr. President, I come to the floor today to discuss my support of S.J. Res. 10, which would require a balanced budget amendment to the Constitution. Let me start off by saying that we need this amendment to protect the American taxpayer and bring back fiscal discipline to Congress. We need this amendment not because the American taxpayer is taxed too little, it is because Washington in particular, Congress—spends too much. Finally, we need this amendment to show the American taxpayer that we are serious about eliminating waste, fraud, abuse, and duplication from the Federal budget and are serious about putting our country back on a path to prosperity, not bankruptcy.

The Nation’s debt now stands at the unsustainable level of \$15.1 trillion. The Federal Government is borrowing 40 cents of every dollar spent. According to the CBO, by 2021 debt held by the public will reach 82 percent of GDP. Without real and meaningful action by Congress to reform the way we do business, the Nation’s debt will balloon to well over 100 percent by 2035. CBO projects that the cost of simply paying the interest on all of this debt will total \$4.5 trillion over the next decade. And we wonder why there is so much uncertainty in our economy, why businesses are not expanding and creating jobs that we so desperately need, why the approval rating of Congress is at alltime lows—and, may I add, justifiably. The writing is on the wall, and that writing says that Congress can no longer allow politics and special interests to direct how hard-earned taxpayer dollars are spent. We must make hard choices now and live within our means as every American family is required to do.

The President has said that we do not need a balanced budget amendment to the Constitution to cut spending and balance the budget. While that may be true, it is not the reality. When the Senate passed a balanced budget amendment in 1982, the national debt was \$1.1 trillion. In 1997, when the Senate failed by one vote to pass a balanced budget amendment, the national debt was over \$5 trillion. Today, it is over \$15 trillion. Unfortunately, Congress has proven time and time again that they are unable to cut spending and must be required by law to do so. S.J. Res 10 is a strong, meaningful, and commonsense balanced budget amendment that will reassure financial markets and the American people, therefore, providing confidence that our economy so desperately needs.

First and foremost this constitutional amendment will require the President to lead by example and submit a balanced budget to Congress. Since being elected, President Obama has failed to send a balanced budget to Congress for consideration.

S.J. Res. 10 would also require Congress to pass a balanced budget that

limits outlays to 18 percent of GDP. In addition, it would require a vote of two-thirds of both Houses of Congress in order to raise taxes on the American people. This provision is vitally important to ensure that we are not punishing the American taxpayer by making them pay for out of control spending by Washington. Finally, S.J. Res. 10 would require a vote of three-fifths of both Houses of Congress to increase the Nation’s debt limit. This constitutional amendment also includes limited waivers that would, for example, allow Congress during a declaring of war to enact deficit spending or to raise the debt limit by a simple majority vote.

My colleagues on the other side have brought forth their own balanced budget amendment; however, their proposal fails to ensure that Congress will make the hard choices necessary to solve our current and long-term fiscal crisis. For example, the Democrats’ balanced budget amendment does not apply to Social Security spending. According to the 2011 report by the Social Security Trustees, Social Security faces permanent deficits unless the Congress reforms the system. In fact, the program is projected to face a deficit of \$46 billion this year. The Social Security disability trust fund is projected to become insolvent in 2018. We cannot be serious about solving our Nation’s financial problems unless we include the Social Security Program, which is one of the largest drivers of future debt. In addition, their balanced budget amendment does not cap spending at 18 percent of GDP, it does not require a supermajority of Congress to raise taxes and does not require a supermajority of Congress to raise the debt limit. As we know too well, Congress has never voted against raising the debt limit.

This week, the Senate has the ability to show the American people that they are serious about fixing our fiscal crisis by adopting this balanced budget amendment to the Constitution. This balanced budget amendment is a vital step in ensuring that future generations will have the same opportunities that all of us here in this body have experienced. I urge my colleagues to support S.J. Res. 10.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. ISAKSON. Mr. President, I see the distinguished majority whip on the floor. I would like to propound a UC, and if he disagrees, please tell me. I would like to be recognized for 5 minutes, followed by Senator SHAHEEN from New Hampshire for 5 minutes, followed by Senator ENZI for 5 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. DURBIN. Reserving the right to object, I would just like to add my name at the end of the queue for at least 5 minutes.

Mr. ISAKSON. With no objection from me.

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

Mr. ISAKSON. Mr. President, I appreciate the time.

I first thank Senator HATCH from Utah for 16 continuous years of work on the balanced budget amendment. It was his fight in 1995 that brought that amendment to the floor within one vote of passing in the Senate, and it is his fight today to bring it back for another vote.

I have listened to a substantial number of the speeches, and I come back to three points.

Facts are stubborn, and there are three facts: First, we are spending too much; second fact, we are promising too much to our people; and third fact, we are borrowing too much.

I ran a real estate company for 22 years. Real estate is all about borrowing and leverage, but you learn a lesson in real estate and you learn it very painfully. There is such a thing as good leverage and there is such a thing as too much leverage, and our country is at the breaking point on leverage.

We have a process problem in the Senate and the House. We can't deal with our financial fiscal affairs, our promises to our people or our borrowing, and it is time we change the paradigm.

I support a balanced budget amendment because if it is ratified by three-fourths of the States and becomes a part of the Constitution, it forces the Congress to just say no on spending when we are spending too much, it forces the Congress to look at entitlements and recognize that we can only promise that which we can afford, and it forces us to look at debt and recognize when we are in too much debt and we have become overleveraged.

I want to put in a plug for something Senator SHAHEEN and I have been working on for a long time, and it is a fundamental process change called a biennial budget where you appropriate in odd-numbered years for 2 years, not 1, and you spend that even-numbered year, the election year, overseeing your expenditures and your programs to find savings, to find waste, and to try to balance your budget. If we changed our process and forced ourselves to do something like that, we wouldn't be facing the catastrophic consequences we are today.

I thank the Senator from New Hampshire for being on the floor and recognize her for her leadership on the issue, also, as one from a State that does biennial budgeting, as do 20 of the 50 States in the United States of America.

I will tell you an interesting story about biennial budgeting. The nation of Israel got in financial difficulty 4 years ago. They were borrowing too much, they were spending too much, and they were going in debt too much. Israel asked around the world: What should we do to change our fundamental process? And they changed to a biennial budget. Two years later, their GDP was better, their deficit ratio was

down, and GDP had gone up about 7.5 percent in 2 years, all because they got their fiscal house in order.

So while some will argue that you can't do a balanced budget because it won't work, some will say 18 percent is too much, some will say you just can't do this and you just can't do that, there is one thing we can't do anymore; that is, spend beyond our means, borrow beyond what is good for our children and grandchildren, and promise to our seniors and those in poverty that we can deliver more than we can deliver.

If we face the day of reckoning now and we reprioritize our entitlements, if we put our Tax Code on the table and reform it and we cut spending where we can, we can come up with a trifecta that will take this debate to ancient history, and we will begin getting the United States of America back in good fiscal soundness. That is what a balanced budget amendment starts, and I hope the end of it is that process and a biennial budget as well.

I thank the President for the time, and I yield to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mrs. SHAHEEN. Mr. President, I thank my colleague from Georgia for his very thoughtful comments.

Senator ISAKSON has been working on a biennial budget for a very long time. I was pleased to join him in this session of Congress. And I agree with him. I believe this is one of the ways we can encourage more oversight of our spending and hopefully address some of the budget issues we face. So I appreciate and share his beliefs that this is an important change we should make.

I am actually on the floor not to speak on the balanced budget amendment, however, but to talk about what I believe is very important for us to do before the end of this year; that is, address the extension of the payroll tax cut.

In November, the private sector added 140,000 new jobs to our workforce. In fact, businesses have now created 100,000 jobs in each of the last 5 months. This is a positive trend we haven't seen in the past 5 years. While this is encouraging, we still have a long way to go because more than 13 million Americans remain unemployed and millions more are underemployed. These individuals and their families are struggling to make ends meet during this holiday season.

At this time last year, Congress passed bipartisan legislation to put more money into the pockets of working Americans. We cut payroll taxes for workers—an effort that increased take-home pay for the average household by almost \$1,000 in 2011. This tax cut isn't just good for families on a tight budget, it is good for our fragile economy. In New Hampshire, the payroll tax cut has meant an extra \$600 million in our communities.

There are some who want to allow this tax cut to expire at the end of the

year. But let's be clear. If the tax cut expires, this would mean the average family would see their taxes increase by \$1,000 next year. This would mean taking \$120 billion out of our Nation's economy, money that would no longer be spent at our supermarkets, at our retailers, and at our gas stations. That doesn't make sense.

Independent economists have predicted that allowing this tax cut to expire could cost our economy 400,000 jobs next year. Some have even predicted that the United States could face another recession if we don't take action.

Members of this body have also suggested that this tax cut would starve Social Security of needed revenue and endanger this bedrock program's solvency. With Americans relying so heavily on Social Security to meet basic needs, this is a serious charge and one we should take seriously. However, the program's Chief Actuary has written that this tax cut does not hurt Social Security's finances. Instead, this proposal contains provisions to require that the Social Security trust fund be made whole.

I recently supported Senator CASEY's proposal to not only extend payroll tax cuts for employees but also to expand them to increase the average family's take-home pay by an additional \$500 next year. This proposal would have cut employer payroll taxes, making it easier for small businesses to keep current workers and hire new ones. That proposal was fully paid for with a 3-percent tax on people earning more than \$1 million in a year. Because of the way it was paid for, the legislation was blocked. My friend from Pennsylvania, Senator CASEY, also introduced a compromise plan that I supported. But again, unfortunately, it did not pass.

I think that particularly now, at this time of the year, at this critical stage for our economy, everyone should agree on preventing tax increases for working families. There are some competing ideas about the best way to accomplish this, and I welcome that debate, but Congress simply cannot afford to saddle middle-class families with a \$1,000 tax increase in the midst of an uneven recovery. It isn't right for our small businesses, it isn't right for our communities, and it isn't right for the economy.

Time is running out to extend the payroll tax cut. I urge my colleagues to support this effort.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Mr. President, I rise today to discuss the issue I raised during my maiden speech on the Senate floor in 1997; that is, the need to pass a constitutional amendment requiring a balanced budget.

I am disappointed that we were unable to pass a balanced budget amendment in 1997. I commend Senator HATCH for his efforts then. We got within one vote. We had 66 votes and we needed 67. Had we gotten that, we

wouldn't be in this mess today. In 1997, our national debt was \$5.4 trillion. Today, it is an astonishing \$15 trillion. Without immediate action, that number will continue to increase to a level that is even more unsustainable.

Time and time again, the Federal Government has proven it is incapable of the fiscal discipline needed to spend within its means. Time and time again, the Federal Government has spent more money than we brought in. It has led to the situation we currently face where we are borrowing more than 40 cents on every dollar we spend and where we are being threatened with further downgrades in our credit rating.

In fiscal year 2010, the government brought in slightly more than \$2.2 trillion in revenue. At the same time we collected \$2.2 trillion, we spent \$3.5 trillion. In other words, we overspent by \$1.3 trillion. That is \$1,300 billion. That is an astonishing amount of spending, and it cannot be sustained. I encourage everybody to write these numbers out with all of the zeroes sometime and see what we are talking about. We have a spending addiction that must be controlled. For years we have tried to hide it, disguise it, or ignore it. We have acted as if it is OK to keep spending money we don't have. We no longer have that option. The world today is different from the world of 1997.

We have seen riots in other nations where their fiscal situations were out of control. If we don't act now, we could see similar events in this country. We can either balance our budget or go broke—even more broke than we already are.

Balancing the budget is not a revolutionary idea. Responsible families balance the amount they spend with the amount they make or they go bankrupt. Businesses balance the amount they spend with the amount they bring in or they go bankrupt. Most States have amendments requiring them to balance the amount they spend with their revenue. Wyoming's Constitution requires a balanced budget each and every year, and they do it. If people in Washington understood budgeting the way Wyoming does, we would be in a much better place right now. If families, businesses, and States can balance their budgets, there is no reason the Federal Government cannot balance its budget.

There are two options the Senate is considering today, and I am pleased there is consensus from both sides of the aisle that a balanced budget amendment would help us. Although that is the case, there is no doubt in my mind that the version introduced by Senator HATCH is far superior to the version introduced by Senator UDALL.

The Republican balanced budget amendment gets to the heart of the problem, which is the need to rein in out-of-control spending. The Republican resolution requires that we get spending down to historical revenue

levels and forces us to make the tough choices about which programs will no longer be necessary. It also prohibits Congress from raising taxes until a supermajority of Members support such a tax increase. This is an important provision because the default solution for our out-of-control spending should be cutting spending, not raising taxes. This bill also goes into effect 5 years after ratification, which gives us the ability to transition to a balanced budget.

I have a penny solution bill out there, a 1-cent solution where we cut 1 percent from every dollar we spend for 7 years. At the end of 7 years, the budget would balance. So it is not something that is undoable. We can balance the budget.

While I am pleased that my Democratic colleagues have a balanced budget amendment, the alternative they offer does not address the heart of the problem. It does not include a spending cap to ensure that we move spending to an acceptable level. It does not include a requirement for a supermajority to raise taxes, which will allow proponents of tax increases to more easily work to balance a budget on the backs of the American taxpayers. And the American taxpayers are only 49 percent of the people working right now. The American people are not the ones who cannot get spending under control. They should not see tax increases simply because Congress can't do its job.

We need to pass the Hatch amendment, and we need to pass it now, because I must also remind my colleagues that passage of a strong balanced budget amendment is the first step. If we pass a balanced budget amendment, it still must be ratified by the States. Three-fourths of the States have to pass it for it to become a part of the Constitution. That will take time, and with a \$15 trillion debt we don't have a lot of time left. There is speculation that 2 years might be the outside. This isn't going to balance for 5 years. Two will create some substantial cuts and tax increases.

Passage of the balanced budget amendment by three-fourths of the States is a tough test. Because of the magnitude of what we are trying to do, it should be. However, we need to give the States this opportunity to force the Federal Government to come to grips with its finances, as the State governments are required to do.

Why should we give the States the opportunity to ratify a balanced budget amendment? Because I found that the best decisions are made closest to the people. State governments are closer to the people than the Federal Government and they are generally better at addressing the needs of the people of their State. Giving the States the opportunity to ratify the amendment will bring the budget closer to the people and would allow the American people to decide how they want Washington to spend their hard-earned money. Most of the American people get it and they

are asking us to get it and do a balanced budget amendment.

Amending our Constitution is an extraordinary measure. It is not something I take lightly. We are in an extraordinary time. We have a budget deficit that is out of control and a national debt that is ballooning to levels that are unsustainable. We need a balanced budget amendment so we can begin to get our Nation's finances back in order.

I commend Senator HATCH for his bill and appreciate him offering it. I hope my colleagues will support it. It is essential for our country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, there are very few things on which Members of Congress agree, but one of the things that binds us and unites us is the common oath we take to uphold and defend this document. This document is not just another resolution, another law; it is the Constitution of the United States. For more than 220 years this document has guided our Nation and inspired other nations toward democracy. I think it is fitting that we swear an oath to uphold and defend it.

But I think we also have to look at this document not just with respect but with humility, humility because we know the words contained have managed to guide our Nation so successfully for so many decades and centuries. Those who are bold enough to suggest they would change the wording of this document have to expect to have hard questions asked as to whether it is appropriate and whether what they are setting out to do is consistent with this great document and the needs of our Nation.

I can recall when Senator HATCH chaired the Senate Judiciary Committee and I was a member. There was a day when they asked me, as a member of the Judiciary Committee, to give permission for three constitutional amendments to be considered in the same day. I objected, which was my right. I said to Chairman HATCH at the time: You can call two constitutional amendments on Thursday but, call me old-fashioned, I don't think we ought to amend the Constitution more than twice a day. The point I was trying to make was to suggest to my colleagues to at least have some humility and maybe even hesitancy to suggest they can change for the better the wording of this great Constitution.

It has been changed, there is no question about it. From the moment it was written until a few years later, Thomas Jefferson called for the Bill of Rights. Many say that was essential for the ratification of the Constitution. It included some basic rights that we now revere in this country. So the first package of amendments, the Bill of Rights, has become an integral part of the original document because they were adopted so quickly—added so quickly.

But in the 220 years since 1791, when the Bill of Rights was added—in the 220 years we have only amended this document 17 times and only for the most serious of matters. Consider what our amendments have done. They have ended the practice of slavery. They have established the principle of equal protection. They have assured the right of women in America to vote, among other things. They have provided for succession in case of Presidential disability, and they have addressed some of the most fundamental issues facing our Nation.

Now some Members of Congress believe we should enshrine in our Constitution their views of what the Federal budget should look like. They want to radically reshape our constitutional framework in order to relieve Congress of its political and moral responsibility to make tough choices about taxing and spending. They want to tie the hands of Congress on budget decisions and pass important decisions on to another branch of government, our Federal judiciary.

That is not what the Founding Fathers intended. The Constitution gives the power of the purse expressly to Congress. Fulfilling this constitutional duty carries some political risk, but we all signed up for that job. Members of Congress should not try to change the Constitution to avoid their duty to make tough and important decisions.

These days, some in Congress would rather take a red pen to the Constitution than to reconsider an anti-tax pledge they have made to a Washington lobbyist named Grover Norquist. Mr. President, 40 Republican Senators, all of whom are cosponsors of this amendment, have taken a pledge, a public oath to Grover Norquist when it comes to the issue of taxes. I believe my colleagues who are indentured politically to Grover Norquist need to get their priorities right. Our oath to support and defend the Constitution is much more important than any allegiance to any Washington lobbyist.

Congress has balanced the budget not just in my lifetime but in my term of service. We ran a budget surplus in fiscal years 1998 through 2001. There is nothing stopping us now from getting our fiscal house in order except a lack of political will. We simply do not need to go to the extreme of amending the Constitution to get this job done.

It is also clear a balanced budget amendment proposal has many unanswered questions and concerns and it is our responsibility to ask those questions. I held a hearing as chairman of the Constitution Subcommittee of the Judiciary, well attended by Members on both sides of the aisle, with witnesses telling us the pros and cons of a balanced budget amendment. That is the way the process should work. Now we come to the floor to consider two versions of a balanced budget amendment.

It is interesting, when the balanced budget amendment came before the

House of Representatives, opposition to it was bipartisan. Even the Republican chairmen of the House Rules Committee and the House Budget Committee voted against the Republican version of the balanced budget amendment brought up in the House.

A few weeks ago, when we held this hearing, witnesses told us why we should have pause, if not reject, this notion of a balanced budget amendment. First, it would cause harm to the economy. I cannot say it any better than Senator CONRAD did moments ago. Our budget in Washington is designed to not only serve the needs of the nation but to help our economy get on track and stay on track. In fact, when things go bad in our economy, as they have in the last several years, our budget steps in with countercyclical measures such as unemployment compensation to put our economy back on track. The balanced budget amendment before us today is going to make that more difficult to do.

The forecasting firm Macroeconomic Advisers told us what would have happened with this balanced budget amendment if it had been in place today. They said such an amendment would double the unemployment rate in America, cause the gross domestic product to shrink by 17 percent, and destroy millions of jobs. That is something my Republican colleagues will not acknowledge, and they should. If we cannot spend in times of recession, even when receipts are low, we fail to turn the recession around and of course we leave many unemployed Americans with no help when they desperately need it.

There is also a provision in the Hatch-McConnell balanced budget amendment that would increase the risk of default on our national debt by requiring a three-fifths vote in each House to raise the debt limit. I might tell my colleagues who follow this, only 3 of the last 11 debt ceiling increases passed both Chambers by a three-fifths vote; 3 of the last 11. If you enjoyed the debt limit standoff of a few months ago and the threat of not only closing down our Government but closing down our economy, you would enshrine it in the Constitution with the Republican balanced budget amendment.

It always strikes me as odd, if not hypocritical, that Members come to the floor and give speeches about how much they support a war effort, or spending for a given issue, and then when it comes time to raise the debt limit, which is part of the bargain, they are nowhere to be found. They want to be there for the press release saying, I am for the war, but when the debt limit needs to be increased to pay for the war they become fiscal conservatives and are nowhere to be found. I think there is some political hypocrisy in that.

Another concern no one has answered that I commend to my colleagues was exemplified by the testimony of Pro-

fessor Alan Morrison of George Washington University Law School. He asked the basic question: Who is going to enforce this amendment? If in fact Congress does something in violation of the amendment, who can sue? And which court would consider it? It is a valid question because ultimately this will end up in the courts. The courts will have to make some rather unique decisions. What are the outlays and receipts of the United States? What was the gross domestic product? These are issues which many in the court may find challenging if not impossible to deal with on a timely basis. The longer it takes to resolve those issues the more uncertainty there will be about our Nation's economy and its economic future.

Do we want to put the courts in charge of budget decisions? Former Solicitor General and Judge Robert Bork said "the result . . . would likely be hundreds, if not thousands, of lawsuits around the country, many of them on inconsistent theories and providing inconsistent results."

Those who support the amendment look for stability and certainty. My guarantee is turning this over to the Federal courts will give you neither.

The nonpartisan Congressional Research Service looked at balanced budget amendment enforcement on August 3 and said:

The experience of State governments indicates that concern over judicial involvement in budgeting is realistic. In some States the judiciary has become involved with the operation of various aspects of budgeting to impose budget balancing remedies [like] requiring tax increases, limiting expenditures generally or preventing implementation of specific spending laws. The possibility that the Federal courts could invoke such remedies prompts concern about the potential such actions would have for causing a significant shift in the balance of power among the branches of the Federal Government.

Even former CBO Director Douglas Holtz-Eakin, who was called in by my Republican colleagues to testify at our hearing in support, conceded "the question of enforcement remains a challenge that should be thoughtfully considered."

I might add, parenthetically: No kidding. Enforcement of this is critical. How can the Senate consider passing a balanced budget amendment without answering first the question of enforcement? It would create tremendous uncertainty.

I would say the balanced budget amendment that has been sponsored by all the Senate Republicans raises particular concerns. Under this proposal, spending would be capped at 18 percent of gross domestic product each year, a level far below the Draconian budget suggested by Congressman PAUL RYAN that would end Medicare as we know it.

The Senate Republican proposal enshrines the Republican philosophy in requiring a two-thirds vote in each House on any bill that increases taxes or revenue without any ability to waive that two-thirds requirement, even in time of war.

The effect of these reforms would devastate programs such as Medicare and Social Security while giving constitutional protection to tax expenditures currently enjoyed by corporations and the wealthy. This proposal is not sensible, it is not fair, it would not serve our country well.

In short, our hearing made it clear there has not been a balanced budget amendment proposed that would actually be enforceable and that would not cause great collateral damage to the economy.

I have served on several efforts, and continue to, in an effort to reduce spending, to find new revenue, and to balance our budget. I will tell you that it takes political will. This kind of approach, this idea that somehow we can pass a constitutional amendment and be done with our responsibility is not only shortsighted, I think it is counterproductive. I think it will make our situation worse instead of better. I thank Senator MARK UDALL for his offering on his balanced budget amendment. It is a better approach, and while I don't support a balanced budget amendment, if I were to support any balanced budget amendment it would be the Udall amendment. But I don't believe amending the Constitution at this point in time is the right way to approach this. I do not believe either amendment achieves it without creating terrific uncertainty in our future about enforcement.

I urge my colleagues to oppose efforts to amend our Constitution. I urge them, instead, to show political courage and work hard right now in a bipartisan way to address our fiscal challenges. That is what the American people expect of us.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I want to express my support for the Republican-offered balanced budget amendment, a measure I worked on with Senators TOOMEY, LEE, HATCH, and CORNYN, and thank those Senators for their leadership on the issue.

As Americans know, Washington has a spending problem. The Federal Government's fiscal position is unsustainable. It now borrows more than 40 cents of every dollar it spends. Indeed, our debt has climbed to over \$15 trillion and will continue to grow and threaten our economy and our jobs and our way of life unless we do something about it.

Opponents say Congress should do its job. Sure, it should, but it has not. Events during the last 30 years have shown that Congress cannot be counted on to make the tough choices necessary to control spending and to balance the budget. Here is a little history. When the Senate passed a balanced budget amendment in 1982, that national debt was \$1.1 trillion. In 1986, when the Senate failed by one vote to pass the balanced budget amendment, the national debt topped \$2.1 trillion.

By 1997, when the Senate again failed by one vote, the national debt was over \$5 trillion. Today the debt is over \$15 trillion. So there is no evidence that Congress has been willing to or able to reduce the debt without the Constitution requiring it.

The Republican balanced budget amendment simply requires Congress to do its job. It includes real reforms that would help the government live within its means, including having the President submit a balanced budget to Congress every year.

The balanced budget amendment does not etch rules into stone. Any of its requirements can be waived by a supermajority of the Congress; that is, if there is a real national consensus to do so. Let's remember we are in a crisis today because of deficit spending. Raising taxes and getting deeper in debt have been far too easy for Congress.

The Republican balanced budget amendment contains two key enforcement mechanisms that Congress would have to abide by. First, Congress would have to limit spending to 18 percent of the gross domestic product from the preceding calendar year. The balanced budget amendment would also prohibit spending from exceeding total revenues in a given year. Why 18 percent? Well, if the goal is to balance the budget, the only way to succeed is to limit the Federal spending to the level of revenue that the economy is willing to bear.

According to the Congressional Budget Office's August Budget and Economic Outlook, from 1991 to 2010—the most recent period of time—revenues averaged 18 percent of gross domestic product, and that is why that number is selected.

It is notable that the Democratic alternative does not contain a spending cap. It also contains a lower threshold of votes for waiving the balanced budget amendment, which, of course, would make deficit spending much easier.

The second mechanism in the Republican balanced budget amendment is a prohibition on any bill that increases taxes from becoming law unless approved by two-thirds of a rollcall vote of Members in each Chamber. When Congress cannot get its hands on enough revenue for its spending priorities, the temptation is always to look for more revenue and raise taxes. Well, it should be more difficult to take more money from the American people and to increase the size of the Federal Government.

Moreover, raising taxes is not a productive solution to budget deficits. Not only does projected revenue usually fail to materialize, higher taxes discourage work, production, savings, and investment which all results in lower revenues in future years. So we cannot balance the budget by raising taxes.

On the issue of tax increase restrictions, the Democratic alternative again falls short. It does not contain a mechanism to make it more difficult for Congress to raise taxes. In fact, it

does the opposite. It contains a provision that makes it more difficult to lower taxes collected from American job creators.

Some of our friends on the other side of the aisle will paint a doomsday scenario that they say would result from the Republican balanced budget amendment, one that would mean immediate changes and draconian cuts. That is not accurate. As we know, Congress cannot amend the Constitution. We can only propose an amendment for States to consider in a ratification process that takes a long time. If it passed, the balanced budget amendment would not become effective until 5 years after ratification by three-fourths of the States. So it is not like we have some immediate concern that next year's budget is going to suffer if the balanced budget amendment were to pass.

Let's not punt again on getting our spending under control. Let's not keep kicking the can down the road. Let's put on some real constraints so Congress will have to do its job, the job the American people expect it to do.

I urge my colleagues to vote in favor of the Republican-offered balanced budget amendment.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. Mr. President, I rise today to join Senator KYL in supporting the balanced budget amendment that Senators LEE and HATCH have crafted. I commend them for their hard work, and I particularly thank Senator HATCH for his principled leadership over the years in this effort. In the mid-1990s he almost got us to a balanced budget amendment to send to the States, and this time I hope he—showing his leadership again—will be successful.

Washington's runaway spending and crippling debt burden underscore the need for us to have a balanced budget in this country. If Washington doesn't stop spending more than it takes in, I fear there will be an economic collapse, and, perhaps more profoundly, it will threaten the very foundation of our Nation—the freedom of individuals to thrive and to prosper.

There is plenty of evidence to show that the huge debt burden we have is already crippling the economy. There was a recent study done by respected economists Carmen Reinhart and Kenneth Rogoff that shows that the debt burden of 90 percent of the economy will reduce a country's economic growth by 1 or 2 percentage points. Our gross debt right now is 100 percent of our economy. Growth this year is likely to be closer to 2 percent total, pretty weak growth. So 1 percent to 2 percent more would mean a 50-percent or even a 100-percent growth increase in this country. This means over 1 million new jobs could be created right now if we didn't have these huge deficits building up annually to a record debt that is now over \$15 trillion.

It is unacceptable that we have the economic growth that we do because it

is keeping people from achieving the opportunities they seek at a time when there are almost 22 million Americans who are unemployed or underemployed, and we need to do everything we can to give the economy a shot in the arm. Part of it is getting our fiscal house in order and stopping this record deficit and debt. We should not condemn people to chronic unemployment through inaction in Washington.

However much lawmakers at times want to do the right thing, it seems as though the political system and the budget rules around here create a bias for spending and deficits. When I left the post as Director of the Office Management and Budget in the last Presidential administration—that was in 2007—the budget deficit was \$161 billion, which is about 12 percent of today's budget deficit, and I thought that was way too high. In fact, that year I proposed, on behalf of the President, a budget that actually balanced over a 5-year period because at that time we were so concerned about growing deficits and debts. Again, that was only 12 percent of today's deficit.

In that time, as OMB Director, I was convinced that we need to have a discipline in Washington to balance the budget because we need to have some incentive to prioritize. Washington, again, seems to have this bias toward spending and deficits that I think can only be resolved through what 49 States have, which, again, is this power to be able to tell the elected representatives that we have to figure out how to prioritize; we have to figure out how, at the end of the day what every family in America does, what every business in America does, which is to figure out how not to spend more than we take in.

Study and experience led the Founders of our country to create the best system of government ever devised: a Republic with enumerated powers. Similarly, study and experience should lead us to enact a balanced budget amendment. The times demand it. We need to reverse this system's bias in favor of deficits and debts. We need a balanced budget amendment in order to preserve the Founders' vision of a limited government of enumerated powers.

But the fact is, Congress has not been able to get its spending under control through any other means. Some have called for a far higher tax rate. In other words, instead of dealing with the spending that is increasing dramatically—by the way, spending has gone up 21 percent just in the last three years. But instead of dealing with that, people say: Why don't you just raise taxes to catch up with the spending? That way we would have a balanced budget through higher and higher revenues.

I guess what I would say is, Congress has a spending problem not a revenue problem. The growth in the entitlement programs, of course, is the long-term driver of this spending problem.

The cost of these entitlements, along with interest on the debt, is projected to squeeze out the cost of every other Federal program within the next couple of decades, leaving little to nothing for other government priorities.

People say, well, the revenues as a percent of our economy are relatively low now, and that is true. Coming out of the recession, we have not had the growth we had hoped for and that has resulted in lower tax revenues coming in.

Historically, tax revenues have been 18 percent of our economy. Today they are lower than that and closer to 14.5 to 15 percent. Spending has been at about 20 percent of our economy historically since World War II. Today, that spending is over 24 percent of our economy.

What happens over the next several years, based on the Congressional Budget Office analysis, is the revenues begin to increase as a percent of the economy even if the 2001 and 2003 tax relief is not continued. In that case, the revenues increase even more dramatically up to 21 percent or 22 percent of the economy.

So the fact is, the spending is on a trajectory to go up from a historic 20 percent to 24 percent now to 30 percent to 40 percent to 50 percent over the decades. We cannot catch that spending with enough taxes. It simply cannot be done and have a viable economy. So we have to deal with the spending side of the ledger. Even if we do raise taxes to chase the trajectory, we will upset that balance between the Federal Government and a free, robust private sector that encourages innovation and gets people back to work.

If the Federal Government ends up taxing every dollar of earnings, we will have taken away the space for Americans to pursue and enjoy the rewards of their hard work, risk-taking and innovation. The Founders might have used another phrase to describe what a free economy promotes: life, liberty, and the pursuit of happiness. Today we are talking about how we ensure that we have economic growth so that we can bring back the jobs, and that will not happen through the level of taxation that would be required to catch up to the record levels of spending.

To address Washington's natural inclination toward taxing and spending, a successful balanced budget amendment needs to do more than just require the outlays be less or equal to receipts. Again, it should include a spending cap because of the problems I have talked about with regard to the projections by the nonpartisan Congressional Budget Office over the coming years and decades. It should also demand a supermajority should Congress seek to enact antigrowth tax hikes.

I think this balanced budget amendment, crafted by Senators HATCH and LEE, by doing that strikes a good balance. It also addresses the concern about a balanced budget amendment

limiting the Federal Government's ability to spend in a time of war. If there is a declaration of war against a nation-state, a majority vote in both Houses would allow for deficit spending. If the Armed Forces are engaged in a military conflict that has not been given a full declaration of war, a three-fifths vote in both Houses would allow for deficit spending. This is in keeping with the intention of the Founders.

In Federalist 34, Alexander Hamilton drew a distinction between monarchies and republics. He said, the chief source of expense in every government was defense spending. But republics, Hamilton counseled, should not use this to live beyond their means. He wrote:

There should be as great a disproportion between the profusion and extravagance of a wealthy kingdom in its domestic administration, and the frugality and economy which in that particular become the modest simplicity of republican government.

Washington has spent and overspent. This has led us away from that frugality that was the intention of our Founders. A balanced budget is the only way to get back to frugality and to that "modest simplicity of republican government." And that is republican with a small "r."

If we don't restrain spending through a balanced budget amendment, we will effectively inhibit and ultimately undermine the liberty of the Americans. We will threaten the American dream, the hope that each generation is able to pass on to the next generation a better life so that they are able to flourish and to meet, again, their achievements, their objectives in life through opportunity that can be created through a growing economy.

It is time for Congress to prioritize. It is time for Congress to make tough decisions. We should do it with the discipline of a balanced budget. Time has shown us there is a need for a requirement to make those decisions.

My home State of Ohio has that discipline. In fact, over the past year, Ohio has had to make some tough decisions to close a budget gap of about \$8 billion. Here in Washington, we have a budget gap that is far higher. This year the government will bring in about \$2.2 trillion and spend about \$3.7 trillion. This gap is huge and growing, and just as 49 States do, we need to discipline Washington to force Congress to make these tough decisions to prioritize on behalf of the American people so that we don't have this crippling effect on economic growth, so that we can begin to see the kind of robust recovery we hope for coming out of the recession.

For all these reasons I urge my colleagues to join me in support of the Hatch-Lee balanced budget amendment.

I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BROWN of Ohio. Mr. President, I ask unanimous consent to speak as in morning business for up to 10 minutes.

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

(The remarks of Mr. BROWN of Ohio pertaining to the submission of S. Res. 347 are printed in today's RECORD under "Submitted Resolutions.")

Mr. BROWN of Ohio. Mr. President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BENNET). Without objection, it is so ordered.

Mr. LEVIN. Mr. President, Congress cannot absolve itself of the responsibility to balance the budget by passing a constitutional amendment. Congress has an existing constitutional duty to control the purse. If Congress has the will to balance the budget, it can do so. If it does not have that will, no constitutional amendment can be a substitute.

We knew that in 1996, which I believe was the last time the Senate seriously evaluated a balanced budget amendment. While we did not pass the balanced budget amendment, we did adopt budgets and policies that created the first surpluses in decades, enabling the United States to begin to reduce its debt load. Unfortunately, that fiscal sensibility was washed away by irresponsible, unfunded Bush tax cuts in 2001 and 2003 and two unfunded wars. Once again, we find ourselves in a deep fiscal hole.

We can and must dig ourselves out of it, as we did in the 1990s, by taking a balanced approach, restoring revenues, and making sensible spending cuts. But that is not a constitutional question. That is a political one. Can we, as a Congress, pass the tough measures needed to restore fiscal discipline?

I have proposed a seven-point plan for reducing the deficit. Bipartisan commissions have proposed making spending cuts and increasing revenues and realistic folks from all parts of the political spectrum agree Congress needs to address revenues, as well as spending, if we are to achieve real deficit reduction.

Congress needs to make tough choices and is failing to do so. One more procedural promise—this time in the form of a constitutional amendment—is not going to get the job done.

While the details of the two amendments before us differ in many respects, there are real questions as to how either could be enforced.

For instance, the Udall amendment says:

The Congress shall enforce and implement this article by appropriate legislation, which

may rely on estimates of outlays and receipts.

What would happen if Congress failed to adopt the implementing legislation that lives up to the terms of the amendment? If it does not have the will to make cuts and raise revenues, what makes people think Congress will be able to agree on implementing legislation?

The amendments raise far more questions than they answer. For example, would a court be willing to hear a case alleging a failure by the Congress to fulfill its duties or would a court treat such a challenge as a political question that is beyond its reach? Who would even be able to bring a case alleging a violation? Who would the case be brought against and what would the remedies be?

Could a judge nullify a budget or a law on the basis that it somehow violated the amendment? Which appropriations bill pushed us over the limit—the last one adopted?

Would a judge have the power to put the budget in balance by ordering specific spending cuts? How would those cuts be identified and set? Would the judge be tasked with reviewing the entire Federal budget and then making cuts? Would the judge be able to compel Congress to enact cuts? What would happen if Congress failed to comply with such an order? Does the judge make changes and substitute his or her priorities for those of Congress?

These same questions could be asked about revenue increases as well. A judge cannot mandate revenue increases under the McConnell amendment. The resolution, apparently, would allow judges to make spending cuts, however. But that dangerous shift of power to the judiciary arises only by implication in the McConnell resolution. What is explicit under McConnell is that taxes and revenues can only be raised by a two-thirds vote. So even closing loopholes to end tax dodges and raise revenue would require a supermajority. That is the opposite of a balanced budget amendment provision. That makes it more difficult to balance the budget.

The American people do not need new processes or hollow promises. They do not need a constitutional amendment that raises more questions than it answers. They need Congress and the President to do our jobs. A balanced budget amendment will not force Congress and the President to do anything, because it is, as a practical matter, unenforceable. And when it does not work, public cynicism would only deepen. It already is plenty deep. There is only one way to balance the budget. That is with the willpower to make the hard choices. Those of us elected to public office have that obligation now. And if we fail, we as individuals will be judged by our own electorate.

I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. LEE. Mr. President, I stand today to urge my colleagues to support

one of the most important pieces of legislation that has come before this body in decades, Senate Joint Resolution 10, the Hatch-Lee balanced budget amendment proposal.

The reason why I insist this is so important is because of a crisis we are facing today. We have accumulated about \$15 trillion in sovereign debt on behalf of the United States—\$15 trillion. It works out to about \$50,000 for every man, woman, and child in America. This is an amount of money that could represent an expensive car. It could represent a college education. It could represent all kinds of things. But it represents ultimately debt that Congress has incurred, debt that Congress cannot afford to continue to incur at this same rate, which we are doing every day. We are adding to that debt at an unsustainable rate of about \$1.5 trillion every single year.

Here is why that is so distressing to me. As the White House itself acknowledged a few months ago, we are now within about a decade, perhaps much less, of owing about \$1 trillion a year just in interest on our national debt. Currently we are paying a little over \$200 billion a year in interest. By the end of this decade, that number is likely to rise to an astounding \$1 trillion a year. We could reach that number much sooner than that. It could happen perhaps in half that amount of time if interest rates suddenly started to climb, as they easily could do, particularly given the fact that we are about 350 basis points below the historic average for yield rates on U.S. Treasury instruments, the means by which our governmental debt is financed.

We have to get this problem under control now, because if we wait until then, until we have to pay \$1 trillion a year in interest on our national debt, it will be too late to do anything. By waiting, by postponing the day of our accountability, we will have made a choice, a devastating choice, that will prove to signal the downfall of the greatest economy the world has ever known. We cannot allow that to happen—not now, not on our watch, not when the stakes are this high.

If we have to make up that difference, the difference between the \$200 billion a year we are paying now and the trillion a year we will have to be paying in interest on our national debt a few years from now, that money has to come from somewhere. That money is not something we can expect simply to obtain through an increase in taxation.

Over the long haul, we have learned that our tax system is capable of generating a revenue stream equaling a little over 18 percent of all of the revenue that moves through the American economy every single year—a little over 18 percent of our gross domestic product. As this chart shows, that percentage remains relatively constant. It has remained that way for many decades, going back to at least 1960. It averages out a little over 18 percent of gross domestic product.

That remains true even when we go back 30 years or so when our top marginal income tax rates were approaching 90 percent. The economy finds a way to produce no more than a little over 18½ percent—a little over 18 percent of GDP. So we cannot just raise taxes at that point in order to generate more revenue, because our income tax system, no matter how we tweak it, no matter how high we raise top marginal rates, is not capable of generating that much revenue. What we do when we simply ratchet up those tax rates, if anything, is we shrink the size of our economy. We chill economic growth to the point where we are actually generating less revenue, not more. So we cannot tax our way out of that problem, nor can we at that point simply borrow our way out of that problem. In other words, we cannot borrow an additional \$800 billion a year on top of the present-day \$1.5 trillion a year we are borrowing, because if we did that, our interest rates would go up that much more. That would make our decision that much more crippling on our economy.

There are a lot of reasons why this matters. My colleague from Ohio, Mr. PORTMAN, acknowledged a few minutes ago that this chills job growth when we have this much debt. It is also true that this impairs our ability to fund every conceivable government program from defense to entitlements, such that if we wait in order to make the necessary changes to the way we spend money in Washington, we will wait at our own peril. We will wait at the peril of those who have become dependent on those very government programs that will have to have their budgets slashed immediately, abruptly, severely. We cannot afford to do that. Those who have become dependent on Social Security, on Medicare, on Medicaid, on other entitlement programs, on supplemental nutritional assistance, would be devastated if all of a sudden we cut off funding for those programs, we had to slash those budgets by 30, 40, 50 percent overnight. It is these abrupt changes that prove most difficult for our economy to absorb.

I have often said it is something that we can analogize to being on top of a large building. Let's say our \$15 trillion debt can be compared to a 15-story building. If you need to get down off of that building, you need to get to the ground floor. If you want to do it quickly, you could decide to jump. If you decide to jump, it is not the fall that will kill you, it is the abrupt halt at the end of that fall. So you need to do something to cushion the fall, to slow it down a little bit so it can be accomplished gradually, so nobody gets hurt. That is where the balanced budgeted amendment comes in. The Hatch-Lee balanced budget amendment, Senate Joint Resolution 10, would bring about severe, significant, systemic changes, but it would do so gradually so that the cuts, while significant over the long haul, are not abrupt, so that the impact is not severe, other than avoiding the severeness of the impact that would otherwise occur.

We have to get down from that 15-story building, from that \$15 trillion debt. We do that through a balanced budget amendment, one like Senate Joint Resolution 10, which contains a 5-year delayed implementation clause. That would give us time to work out a phased-in glidepath toward balancing our budget. That is what we need to do in order to protect and preserve our economic stability, our jobs market, and our ability within the Federal Government to fund everything from defense to entitlements.

Those who ignore the need for this amendment ignore the fact that our spending continues to escalate. I want to talk about how much we have spent as a country as a percentage of our overall economy, as a percentage of our gross domestic product. Between the early 1790s and the early 1930s, the Federal Government spent, on average, between 2 and 4 percent of gross domestic product every single year with only two notable exceptions, once during the Civil War and the second time during and in the immediate aftermath of World War I. With those two exceptions, Congress's spending was modest, between 2 and 4 percent of GDP.

That all started to change in the early 1930s when we reached the double digits during peacetime for the first time in our history. We have, unfortunately, never retreated from that cycle. Federal spending today, as a percentage of GDP, stands close to 25 percent, meaning that for every dollar that moves through the American economy, a quarter of that goes to Washington, is sucked in by the Federal Government, and cannot move on and help to continue to stimulate the economy.

That pattern of increased Federal spending as a percentage of GDP is expected to increase in the next few years. It is expected, based on the data provided by the Congressional Budget Office, to reach 26.4 percent of GDP within the next 10 years, by 2021. Some say that figure is too optimistic and that it could actually be much higher than that, it could be significantly higher than 30 percent. At a minimum, we know it will be 26.4 percent or more unless we take pretty significant steps to control our spending.

So I find it interesting that many are saying we do not need to make changes, that we can somehow have Congress do its job, that Congress needs to follow the Constitution and do its job and balance its budget.

Let me tell you the problem with that. First of all, there is nothing currently in the Constitution that restricts Congress's power to borrow money. Clause 2 of article I, section 8 of the Constitution gives us power to do that, and we have done it. We have done it again and again and again. We have done it so many times in recent years that we have almost lost track.

Congress first placed a statutory limit on the acquisition of new Federal debt in 1917, which was the Second Liberty Bond Act. Since 1962, Congress has altered the debt limit through 74 sepa-

rate measures, and has raised it 10 times since 2001, in the last 10 years.

Since 1990, the debt limit has been raised by a total of \$10.1 trillion. Nearly half of that increase has occurred in the last 4 years, since late 2007. So this is not a situation in which we are seeing the normal growth of government spending, either in normal numbers, in numbers adjusted for inflation, in numbers measured as a percentage of GDP. By any metric, the amount of Federal spending and the amount of debt acquisition has grown exponentially, giving us this hockey stick-like curve in the acquisition of Federal debt.

We cannot continue this practice. We especially cannot continue it given the fact we know that the natural limit on our ability to receive revenue through the income tax system is a little over 18 percent of GDP. So we have to have something in place that keeps us from spending more than we take in. That cannot possibly be accomplished, in my opinion, without something that ups the ante, something that makes it structurally more difficult on a permanent basis for Congress to engage in deficit spending and to spend more than 18 percent of GDP. That is why there are a few critical features in Senate Joint Resolution 10, the Hatch-Lee balanced budget amendment proposal, that I think any viable balanced budget amendment proposal ought to have. First, it needs to apply to all spending. Second, it needs to cap spending at 18 percent of GDP. It also needs to require a supermajority vote in order to exceed that percentage of GDP spending limit in order to raise taxes or in order to raise the debt limit. Without these kinds of provisions, this kind of redundant protection against the inexorable growth of Federal spending generally, and the inexorable growth of deficit spending in particular, our debt will crush the very programs we purport to be protecting.

Those who plot against this say we cannot limit spending to 18 percent of GDP or else we will hurt program X, Y or Z. While they are making this argument, it is in reckless disregard of the fact that those same programs will be jeopardized if we continue to borrow recklessly, without structural spending restraint or reform on the horizon.

Others have argued we don't need this because somehow it is unenforceable. I am not quite sure what they mean. Perhaps they don't know what a court would do with it. They are forgetting we have other provisions in the Constitution that raise the vote threshold, which is essentially what the Hatch-Lee balanced budget amendment does. In other words, we have other provisions in the Constitution that are followed routinely, without the need for litigation, just based on Members of Congress taking an oath to uphold the Constitution, as we are all required to do pursuant to article VI. Those are complied with every day.

For instance, we all know none of us will dispute the fact that it takes a two-thirds supermajority vote in both Houses of Congress to override a Presidential veto. It takes a two-thirds supermajority vote in both Houses of Congress to propose a constitutional amendment. It takes a two-thirds supermajority vote in the Senate to ratify a treaty. We don't dispute the fact that these vote thresholds exist. We don't have to wait for the courts to intervene for us to enforce them within Congress. We follow them. That is what this would do.

This says that because Congress has the ability to destroy itself, destroy the economy, destroy the very government we have created through reckless, indefinite, perpetual deficit spending, we must protect Congress from itself—perhaps better said, we must protect people from Congress by requiring that Congress approve any amount of money spent in excess of what Congress brings in or in excess of 18 percent of GDP or in excess of the debt limit by a supermajority vote. We have to have that. It will be followed, and it is absolutely necessary.

It is interesting that few, if any, of my colleagues will dispute the fact that Congress should balance its budget. There is perhaps a difference of opinion—maybe even a widespread difference of opinion—as to how best we should try to close this gap, how best we should close the gap between the money Congress brings in each year through the tax system and the money it spends. There is widespread dispute about where cuts need to be made. I think we all agree we need to balance our budget.

That begs the question, if we all agree, as I think we all do, then why can't we agree we need to adopt a permanent structural mechanism that will be embodied in the Constitution that will ensure that actually happens? This proposal remains agnostic as to where cuts will be made. All it says is if we are going to spend more than we take in or more than 18 percent of GDP or raise taxes or the debt limit, we are going to do it by a supermajority vote. That is something the American people support. In fact, 75 percent of the American people support the basic principle that Congress should not, for example, spend more than it takes in each and every year.

That brings me to the question of why it is that we should support S.J. Res. 10, the Hatch-Lee balanced budget amendment, and not another proposal—for example, S.J. Res. 24, which I might refer to alternatively as the “Trojan horse” balanced budget amendment or as the “do nothing” amendment proposal, which purports to be a solution when, in fact, it is not, for one simple reason: It gives Congress unfettered discretion to exempt itself out of the budget balancing requirement it contains. This would, in effect, I am certain, render this amendment, were it to take effect, virtually a dead letter provision.

We have seen what Congress does when it has the option of exempting itself out of statutory spending caps—in the pay-go rule, the Gramm-Rudman-Hollings Deficit Control Act, and in other statutory provisions such as this. Congress giveth and Congress taketh away. Congress has become a walking, breathing waiver unto itself. When Congress is given the option of saying: I know we are supposed to balance the budget, but we don't feel like it today, it ends up doing that. All Congress would have to do under S.J. Res. 24—the “do nothing” amendment proposed—is simply acknowledge that the United States is involved in a military conflict, and by simple majority vote it can exempt itself out of these provisions entirely.

By contrast, the Hatch-Lee balanced budget amendment proposal acknowledges that in a time of war or military conflict, it may be necessary to spend more than we take in. But in the case of an armed military conflict, it requires a three-fifths supermajority vote, and in either a war or another armed military conflict, it specifically provides that in that war or conflict, any overage, any amount spent above and beyond what Congress brings in has to be limited to that required to prosecute that war or that military conflict effort. That is a huge difference. We can't simply give Congress the option of complying with a balanced budget amendment provision only when Congress feels like it. This is a little akin to telling an alcoholic they have to give up drinking, while leaving an open container of whiskey on the table and requiring that person to walk past that bottle or even to carry it around every day. It doesn't work. You have to take it out of the house. You certainly have to take it out of the possession of the recovering alcoholic.

This is the challenge of our time—to figure out how to prevent Congress's chronic abuse of its own borrowing authority from collapsing under its own weight, from bringing about the economic collapse of the United States of America.

We have to have these structural spending reform mechanisms because our government is run by imperfect people. Benjamin Franklin has often been quoted for a line that says: “He'll cheat without scruple who can without fear.” When looking at Congress today, we might say Congress will spend more money than it has whenever it possibly can, whenever it has the option of spending more.

As Madison said: “If men were angels, no government would be necessary. And if angels were to govern men, neither external nor internal controls on government would be necessary.”

We are, as human beings, not angels, and our government isn't run by angels either. This is why we need the structural permanent spending reform mechanism. We cannot afford to accept

a substitute, a cheap imitation, a “Trojan horse” balanced budget amendment such as S.J. Res. 24, because if we adopt something such as that, we will create the illusion to the American people that we are actually undertaking efforts to control our out-of-control deficit spending program when, in fact, we are doing nothing. Because it is always the case that we are involved in a military conflict somewhere. Congress will always be able to muster a simple majority, saying we cannot be expected to balance our budget because of that.

We have to draw that line in the sand and stand for those who support everything from defense to entitlements. We have to stand for our children and our grandchildren, those who will come after them, those who are not yet old enough to vote, those who have not yet been born and whose parents have yet to meet. Those people are not here to vote against us as we spend their money.

This is a particularly pernicious form of taxation without representation. We fought a war over two centuries ago over that practice, and we won that war. We should not subject our children, their children, and their grandchildren after them to that same practice. This is contrary to liberty, contrary to economic prosperity. We cannot stand for it to occur anymore.

We have two choices. One choice involves supporting, passing, and submitting to the States for ratification of the Hatch-Lee balanced budget amendment proposal, putting in some permanent restraint, at long last, on Congress's self-destructive borrowing capacity.

The other option can take many forms. It can take the option of supporting S.J. Res. 24, which doesn't solve the underlying problem, or it can take the form of doing nothing at all. If we do nothing, we have still made a choice—a devastating choice—a choice that will inure to the detriment of the American people and of the Federal programs that we all rely on, the Federal programs that people rely on to keep them safe, protect them from the ravages of nature, and protect them from the conditions of poverty we seek to avoid in this country. It is, after all, the objective of us all to seek a better, more prosperous, more safe country, but we jeopardize all those interests the longer we allow this practice of perpetual deficit spending to continue.

At the end of the day, we have to face our own constituents. Those who choose not to vote for the Hatch-Lee balanced budget amendment will have to face their constituents and tell them why they were unwilling to stand for a proposition so basic as we should balance our budget.

There is no excuse, based on the fact that we cannot do this overnight, because it has a delayed implementation clause. It will not take effect until 5 years after it has been ratified by the States. In the meantime, we will be able to set in motion a sequence of

events, a series of implementing bills that will allow us to put ourselves on a smooth glidepath toward balancing our budget. We will be able to do that. Those who vote against this cannot look their constituents in the eye and tell them they did everything they could do to get our out-of-control spending habits or our out-of-control deficit spending habits under control.

I urge each of my colleagues to do this for themselves, for the programs they want to save, and for their children and grandchildren. Our prosperity, our success as Americans, our survival as a nation, and the success of our government requires nothing less.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. KIRK. Mr. President, I rise to talk about the balanced budget amendment. It is obvious America's government is spending, taxing, and borrowing too much. That is why Congress should approve the balanced budget amendment to the Constitution. It was a good idea when Thomas Jefferson supported it, and it is an even better idea today.

America is a great experiment in self-government. Self-government requires self-control. Early thinkers about America's democracy worried about the capacity of the government to borrow in a way that would cripple our freedom.

Children cannot vote, but the Congress of their parents can put our kids into debt. We should fight fiscal child abuse by ending such borrowing that hurts our kids' long-term economic future.

In recent days, we witnessed clear warning signs that the days of big borrowing are ending, not because Congress has changed its free-spending ways but because lenders are increasingly worried that they will never be repaid. This summer, America lost its triple-A credit rating, according to Standard & Poor's. This loss of confidence mirrors a crisis in Europe reflecting a collective judgment that Greece and Ireland and Portugal and Spain and even Italy may not be able to repay the amount of money they have borrowed. As Prime Minister Thatcher reportedly said, "Eventually governments run out of other people's money."

In this environment, it is important to show how we are different from Europe. If we approve the balanced budget amendment and cut spending, we will restore confidence in the Federal debt, in America's economy, but most important, in the ideal of self-government.

America owes \$15 trillion or about \$40,000 for each new American born.

For their sake, we need to restrict the ability of the current generation to obligate young Americans to pay their debts.

Should this amendment fail, we will wound the long-term credit of the United States. More deeply, we will hurt the ideal of self-government and self-control that is the foundation of our freedom.

EGYPT

I would like to take this moment to talk about another issue; that is, we as Americans support freedom and democracy and the rights of all peoples. But, as Gaza taught us in 2006, free elections by themselves do not make up a democracy. There are times when people are offered a chance to elect party leaders who offer them only one election to affirm a dictatorship. We can also learn from the year 1938 that the dangers of ignoring developments abroad are huge. Now, in the wake of the Arab Spring, we turn away from that region at our own peril.

On November 28, the first stage of the Egyptian elections began, which will inaugurate a new electoral system forming a bicameral legislature. This first stage determines about 30 percent of the 498 seats for the government's lower chamber, called the People's Assembly.

Before Egyptians arrived at the polls, protesters filled Tahrir Square in Cairo. As a result, over 40 Egyptians were killed. Many are objecting to the military's interference in the electoral process and the decision to force elections well before secular parties had time to build their capacities. According to public polling and sources on the ground, this will likely hand an electoral victory to the Muslim Brotherhood and more radical Islamist elements within the Egyptian society. Although elections will last until March of 2012, the prediction of a Muslim Brotherhood victory is already becoming a reality. Early data shows an alarming trend of Islamist domination of the Egyptian Parliament.

On December 5, the High Electoral Commission announced that leaders of the Freedom and Justice Party, the political arm of the Muslim Brotherhood, had received a plurality of 36 percent of the vote, while the secular Egyptian Bloc had gained less than 12 percent. When we include the runoff elections, which took place last week, it appears that the Muslim Brotherhood has won 73 out of 150 seats or 49 percent of the currently contested outcomes. This is the same party that led a pre-election rally of 5,000 chanting "one day we shall kill all the Jews" and "Tel Aviv, Tel Aviv, Judgment Day is coming."

While many expected the Brotherhood to do well, there were other surprises. Salafist parties, made up of anti-Western hardliners who follow a particularly radical version of Islam, are also faring particularly well. Surpassing predictions, they received 24 percent of the vote in the first round.

Importantly, these elections also included the so-called liberal districts of

Cairo and the Mediterranean port city of Alexandria. The weakness of liberal parties—namely, their inability to reach out to voters effectively with a serious agenda—is now fully exposed. Islamists are taking full advantage of deeply rooted networks that extend from the mosques into Egypt's poor districts. Their grip in the traditionally conservative areas of Alexandria proved particularly tight, and these areas are also home to a majority of the Coptic Christian community.

It is clear that if Islamist parties and candidates continue their currently won gains in other elections, they will capture 60 percent of the national vote in Egypt. This will situate the new Egyptian Parliament around deep ideological differences between Salafis, the Muslim Brotherhood, and liberal groups, making the Brotherhood the power brokers between Egyptian left and right.

What does this all mean? By January, the United States could face an Egypt defined by a hatred of Israel and many of the freedoms we hold dear—a freedom of expression, of women's rights, and the right to practice any religion. This Egypt counts Iran as a friend and poses a threat to the Camp David Peace Accords, which have served as the cornerstone for Egypt's strategic position for 30 years.

Do we expect that an Islamist-led Egypt will prevent weapons from arriving in the hands of Hamas? Will an Islamist-led Egypt help preserve a free South Sudan? Will an Islamist-led Egypt act to protect Coptic Christians who make up about 10 percent of Egypt? Will we see continued violence, as we saw on October 9 in Maspero, which killed 27 civilians and injured hundreds? Will an Islamist-led Egypt do what we expect with more than \$1 billion of U.S. foreign assistance? Will they continue to share intelligence and to work against terrorism? These are all questions that may become critical issues for the national security of the United States very shortly.

All of this instantly prevents foreign investment and tourism that would help the Egyptian economy. The IMF has forecasted a little over 1 percent growth for the Egyptian economy next year. They said inflation will top 11 percent, while almost 12 percent of Egyptians will be out of work. Recently, the Egyptian pound traded at its lowest level against the dollar in 7 years.

This time last year the region was on the threshold of exciting change, but today Egypt sits instead on the threshold of a very dangerous path.

The United States—and especially our State Department in particular—should do what it can to keep Egypt attached to peace and good relations with the West. The United States is now on the verge of a historic defeat and reversal of American interests in Egypt. Currently, if there is an Obama administration plan for handling a new Islamist Egypt that rejects peace with

Israel and allies with Iran, I don't know it, and I don't know if anyone does. We must keep our finger on the pulse of this process. Liberal voices in Egypt must work to preserve the democratic goals of the January revolution.

Recently, I had the privilege of meeting some of Egypt's best and brightest young liberal leaders. They would like to build a free Egypt that respects women's rights and religious minorities and the rule of law. I was encouraged in meeting with them but only hope that the coming election is not like a 1930s election in Germany, where people in Egypt are given one choice—to affirm a dictatorship—and then that is the end.

If a radical Islamic government arises in Egypt—one that disavows the Camp David Peace Accords and no longer acts as a stable strategic partner in the Middle East—then we will look back on the recent election in Egypt and its successors in December and January as the turning point for a historic reversal of the United States.

My hope is that the State Department watches this very carefully. My hope is that we have a plan to make sure this critical country stays within the U.S. orbit. But my fear, given the recent elections in Egypt, is that we have already lost quite a bit of ground.

If current trends continue, then by the middle of next year we will have a Muslim Brotherhood government in command of the Suez Canal, in charge of Cairo—the second center of learning in the Arab world—along the border of our Israeli allies, friendly to Hamas, friendly to Iran, and hostile to Europe and the United States. My hope is that over the holidays we will work very hard and diligently with our allies—and especially liberal forces in Egypt—to make sure that reversal doesn't happen.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. UDALL of Colorado). Without objection, it is so ordered.

DEAD ON ARRIVAL

Mr. REID. Mr. President, the bill just passed by House Republicans tonight is a pointless, partisan exercise. The bill is dead on arrival. It was dead before it got to the Senate. The Senate will not pass it. The sooner we demonstrate that, the sooner we can begin serious discussions on how to keep taxes from going up on middle-class Americans. Democrats were ready to vote tonight to prove that the bill was DOA, dead on arrival. But I spoke to Minority Leader MCCONNELL this evening, and he told me he will need more time. He will not

be able to make a decision until tomorrow morning on when to vote on the House-passed bill. I cannot set the vote without his approval at this time.

This is a 180-degree change in his position from just a few hours ago. Just this morning, Senator MCCONNELL said we should "take up the House bill, pass it right here in the Senate, and send it to the President for signature without theatrics and without delay." That is a direct quote. I repeat, he said we should vote on this bill "without delay."

He is correct, and I can only wonder what happened in the last 8 hours to change his position so dramatically, so radically. As I said, we already know this bill is dead. We need to begin real negotiations on how to prevent a \$1,000 tax hike on American families. The sooner we get this vote, the sooner those negotiations can begin in earnest.

I will speak with Senator MCCONNELL again tomorrow to determine how soon we can hold this vote—an exercise in futility. Work continues toward finalizing an omnibus to fund the government for the rest of the year. In the meantime we should not hold up this middle-class tax cut.

On January 1, every American worker will have less money. In fact, 160 million American workers will have less money to spend on groceries and gas and rent unless Congress acts on their behalf.

T.S. Eliot said it about as good as I could figure a way to say it, when he said: "Hurry up please, it's time."

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

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

REMEMBERING FRANK ANDERSON

Mr. BROWN of Ohio. Mr. President, I rise to honor a long-time friend and a hero to veterans and to those who believe in justice in Ohio: Frank Anderson, a long-time leader of paralyzed veterans in Ohio, who passed away last week from complications of an infection.

Frank was a friend and a trusted advocate. He always spoke eloquently about issues facing veterans and people living with disabilities.

Confined to a wheelchair as a paraplegic for the overwhelming majority of his adult life, Frank was soft spoken, yet larger than life, with a commanding presence.

As a leader of the Buckeye Chapter of the Paralyzed Veterans Association, he drove himself to veterans events across Ohio.

He spoke out against inequality in disability pay—and the barriers that face disabled veterans, from health

care to transit accessibility, to economic opportunity.

He was a strong advocate for the Americans with Disabilities Act. He fought to ensure housing was affordable and accessible for all Americans.

He testified in front of Congress on issues facing veterans in rural areas and would return that night to Cleveland to fight for veterans in cities.

He would always do so the right way—prepared in facts and figures, armed with anecdotes and stories.

Born in Cleveland in 1953, Frank Anderson graduated from East Tech High in 1971.

In 1976, he left Bowling Green State University to enlist in the Ohio Army National Guard's 107th Armored Cavalry Regiment.

In 1981, Frank was paralyzed after an 18-wheeler crashed into an Ohio National Guard convoy he was traveling in. He recovered and rehabbed at what is now the Louis Stokes VA Medical Center in Cleveland, meeting other disabled veterans—hearing their stories, learning from them, all becoming advocates charged with helping veterans.

While taking away his ability to walk for the rest of his life, the experience strengthened his will to serve and to live his life on his terms.

He remained active in wheelchair sports—playing tennis, lifting weights, and throwing a discus and a javelin.

He became a longtime leader for all Americans with disabilities and became a trusted leader in the African-American community.

He embraced life's challenges. He made the world better for all of us—even dressing as Santa for children at the Cleveland Clinic's Children's Hospital.

He traveled the country. He cooked his favorite seafood. He listened to his favorite old rhythm and blues music.

Mr. President, I ask unanimous consent to have printed in the RECORD Frank Anderson's obituary from the Cleveland Plain Dealer and a letter about Frank's life from Bill Lawson, president of the Paralyzed Veterans of America.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Cleveland Plain Dealer, Dec. 8, 2011]

(By Grant Segall)

EAST CLEVELAND.—Crashing into an Ohio National Guard convoy, an 18-wheeler paralyzed Frank W. Anderson in 1981 and inspired him to become a statewide leader for disabled veterans.

Anderson, 58, died Tuesday, Dec. 6, at the Stokes Cleveland VA Medical Center from complications of an infection.

"He was a guiding light," said Ray Saikus, president of the Joint Veterans Commission of Cuyahoga County, whose first vice president was Anderson. "He was well-versed, respectful and assertive about issues."

Among many roles, Anderson was government relations director for the Paralyzed Veterans Association's Buckeye Chapter. Buckeye President Carl Harris said, "He was very effective. He did his homework. We didn't just go in and say, 'Do something