

perhaps a good example of that because now they are facing, on 2-year debt, 24-percent interest rates.

As we all know, Treasury interest rates, Federal borrowing, Treasury notes, bonds, bills—those sorts of things are sort of what drive interest rates in other areas of our economy. So if you are one of those homeowners in South Dakota and you are looking at perhaps refinancing your home or buying a new home or being a first-time home buyer, if you are looking at an auto loan, if you are looking at a loan for your child's education, you could very well, if we do not get things turned around here, be looking at much higher interest rates. That would put an even bigger crimp on the budgets of most families across this country.

It was interesting because last week there was an op-ed in the Wall Street Journal in which Larry Lindsey, who was a former Federal Reserve Board Governor and also served in the Bush administration as an economic adviser, pointed out that if you had interest rates return to their 20-year average—in other words, if you went back to a more normalized type interest rate environment—it would actually increase the borrowing costs of the Federal Government over the next 10 years by \$4.9 trillion. So think about how much money, how much we are spending every single year now to pay for our borrowing, and compound that by increased interest rates. It would make the fiscal situation we are facing much worse and even more dramatic than it already is.

So the point I am making is that we have to get the spending and the debt issue addressed here in Congress. Why? Well, because we are saddling future generations with an enormous burden of debt. We are putting the country on a path to a debt crisis, which would be a huge mistake for this country for so many reasons, but probably most fundamentally is because it has a profound impact on the economy.

I think most Americans are concerned right now about jobs and the economy. That is the No. 1 issue in front of most Americans. And it strikes me that if you look at what we can do to get people in this country back to work, obviously creating conditions for economic growth means keeping taxes low, balancing the Federal budget, having an energy policy that promotes American production, improving market access through moving some of these free-trade agreements, and clamping down on the overreaching regulations we are seeing coming out of a lot of the agencies in Washington, DC.

There are a whole series of things that can and should be done if we are serious about getting people back to work. But it means we can't be raising taxes on the job creators. There is a big debate right now about how do we get ourselves out of this fiscal mess. I submit to my colleagues that the real

issue here is spending. If you go back to the foundation of our country, in the year 1800, we were only spending 2 percent of our economic output on the Federal Government. This year, we will spend 24 to 25 percent. The historical average over the past 40 years is about 20.6 percent. We are now dramatically higher in terms of what we spend on the Federal Government as a percentage of our entire economy.

To me, clearly, we have a spending issue, not a revenue issue. That suggests we ought to get after Federal spending—particularly spending that is duplicative, redundant. There is so much in the Federal Government we spend money on that is wasteful, and we need to cut that type of wasteful spending out of Washington, DC.

We have to also focus on long-term programs, such as Social Security, Medicare, Medicaid, entitlement programs that drive much of Federal spending—around 60 percent of the money that is spent by the Federal Government. So far there is no appetite among our Democratic colleagues to do that. We have now gone 798 days without a Federal budget. The only votes we have had on the budget in the Senate were on the Ryan plan and the Obama budget. The President's budget—the Obama budget—that was voted on in the Senate, prescribed more taxes and spending and more debt. It failed by a vote of 97 to 0. Again, the budget presented by the President failed 97 to 0 in the Senate.

We don't have a budget in the Budget Committee that has been shown to us yet. This week, we are voting on a non-binding sense-of-the-Senate resolution that doesn't even say how we should contribute to deficit reduction. Is it going to put higher tax on people? Are people going to have fewer deductions? Are people going to be ineligible for farm income payment programs? Should they have to contribute more to Medicare or receive less Social Security benefits than those who are less fortunate? We don't know. We don't have a budget presented to the Senate for consideration. All we have in front of us this week is a sense-of-the-Senate resolution, which is very vague and could be interpreted lots of different ways.

The White House meeting is tomorrow, with leaders of both parties. I hope it will lead to substantive cuts and an agreement about how we are going to reduce spending and get this debt and year-over-year deficits under control. It should not lead to more taxes. The reason is that higher taxes only hurt job creation and make our economic situation much worse.

We were reminded of the need to do this this week when Moody's downgraded the status of the Portuguese debt to junk. This is despite the fact that their government is pushing through an austerity plan that cuts spending and hikes taxes. We have seen that in lots of European countries that are dealing with sovereign debt crises.

That is our future if we don't get this issue under control. It has been 798 days since this Senate has passed a budget. That is where it starts—determining how we are going to set priorities, and how we are going to spend taxpayer dollars, and rein in runaway Federal spending and make a dent in this \$14 trillion debt that we are saddling on future generations.

I hope we can get a budget before the Senate. This sham of a resolution this week—the sense-of-the-Senate resolution—is certainly not the way to do that. I hope we can get to a meaningful discussion of what we are going to do about spending and debt and jobs in this country.

I yield the floor.

RECESS

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

Thereupon, the Senate, at 12:33 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. CARDIN).

SHARED SACRIFICE IN RESOLVING THE BUDGET DEFICIT—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. Under the previous order, the time until 6 p.m. will be equally divided and controlled between the two leaders or their designees, with Senators permitted to speak therein for up to 10 minutes each.

The Senator from California.

Mrs. BOXER. Mr. President, I want to make note of the fact that this is the first time since the Watergate scandal the Senate has canceled its Fourth of July recess, and the reason is so that we can continue working on this issue of reducing our deficit and our debt, and—from my point of view, and I know I speak for many—doing it in a way that doesn't savage our senior citizens, our children, our families, our environment, and our economic growth, but doing it in a way that is fair, doing it in a way that is fair so that we don't wind up with people such as Warren Buffett or Donald Trump paying less of an effective tax rate than their secretaries or a nurse or a firefighter. That is why we are here. That is why I am here.

I want to apologize to my constituents in California. I had to cancel several events that were scheduled, but we will do those things certainly at another time. It is critical to end the current standoff, and that, it seems to me, means sticking to three principles: First, we must agree great nations do not default on their debt. Both sides need to compromise so that doesn't happen. Nobody gets everything they want in a compromise. I speak as a Senator, a former House Member, a former county supervisor, a mother, a grandmother, and a daughter. The fact is you don't get everything you want if