

making it easier to comply with, of—if we do it the right way—lowering everybody's tax rates so that people have more money in their pockets to spend into the economy and grow their business or to start a new business because that is how jobs are created.

I know all of us would like to think that Senators and Presidents create jobs but not outside this building they do not. Jobs are created when everyday people from all walks of life decide, you know what, today I am going to open a business and operate from the spare bedroom of my home or out of the garage or when somebody has an existing business and decides: I want to grow this business, so I am going to hire a couple more people because I have a belief this business can do better.

We need to get people excited about doing that again, and we are not going to get them excited about doing that again if our taxes and our regulations are out of control. So let's begin to focus with regard to this debt limit on some of the things that there has to be agreement on, and there are two things: We must control our spending, and we must put a plan in place that shows the world how America will bring its spending under control, and we have to do something to grow our economy.

Ask any job creator in the real world, What are you looking for to grow and create jobs? They will tell you, We are looking for confidence. And we get confidence from knowing that regulations are predictable and easy to comply with, and the Tax Code is predictable, affordable, and easy to comply with.

I submit that if we focused on that and not all the other noise that goes on in the back and forth of this place, we can actually start moving toward a solution.

The last point I would make is the word "compromise" is a very popular word around here, and there is nothing wrong with compromise, so long as the compromise also happens to be a solution. Because if your compromise doesn't solve the problem, you have created a new problem.

There is nothing wrong with compromise. Maybe your ideas of tax reform are different than my ideas of tax reform, but ultimately we have to solve the broken Tax Code. So compromise is not a dirty word, unless the compromise makes it worse, not better. Too often in politics compromise leads to things that make things worse, not better. If you raise taxes in this economy, with 9 percent unemployment, you are going to make things worse, not better.

I hope we will rally in a bipartisan fashion around the concept of tax reform, of creating a Tax Code in America that encourages people to create jobs here once again, because if we can solve the jobs issue, if we can begin to solve the unemployment issue, all these other issues we face as a nation become easier to face.

Mr. President, I thank you for your attention and I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARDIN. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BROWN of Ohio). Without objection, it is so ordered.

Mr. CARDIN. I ask unanimous consent to speak as in morning business.

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

#### BUDGET NEGOTIATIONS

Mr. CARDIN. Mr. President, we are getting dangerously close to the August 2 deadline. The August 2 deadline is the deadline for America to increase its debt limit or to face default on our obligations. We need to come together. We need to increase the debt limit, and this is an opportunity for us also to manage our debt.

We have been talking about this for a while, and I understand—and I think my colleagues understand—the responsible thing for us to do is to use this opportunity to increase the debt limit to also craft a game plan to manage our national debt and our spending. We need to have a credible plan. Our debt is not sustainable. We cannot continue along this path. We understand that. We have to have a credible plan to manage our deficit. Well, quite frankly, the Democrats have come up with these plans.

The proposal offered by Senator CONRAD, the chairman of the Budget Committee—and supported by all the Democrats on the Budget Committee, and I am proud to be a member of that committee—brings forward a credible proposal that has all the elements of our budget on the table. It reduces government spending. It deals with protecting the priorities that are important for America's growth. It invests in education. It invests in innovation and in infrastructure so we can create the jobs necessary for America's prosperity. That is what that budget does. It brings about more deficit reduction than the Republican budget, bringing our debt under control.

We understand we need a bipartisan budget. It is not going to be just what the Democrats want. That is what the political process is all about. Midterm elections: The House is controlled by Republicans. The Senate has a Democratic majority. We have to come together.

What many of us have said in this body is let's use the bipartisan Bowles-Simpson proposal as a starting point. That has all the elements on the table, including mandatory spending and including doing a better job on revenues. It is a bipartisan proposal. Democrats have said we are willing to work and come out with what we call the grand

deal—the deal that will manage our debt and all elements of the Federal budget will be on the table as we talk about that.

But there is one option that should not be on the table, and that option is to allow August 2 to pass without increasing the debt limit; in other words, to permit America to default on its obligations. That is one option that cannot be on the table. Quite frankly, what concerns me is there seems to be a growing number of Republicans who say that is an option; that is OK; it will be all right for us to pass August 2 without increasing the debt limit.

Let me quote, if I might, from David Brooks, the conservative columnist, who said:

... the Republican Party may no longer be a normal party. Over the past few years, it has been infected by a faction that is more of a psychological protest than a practical, governing alternative. The members of this movement do not accept the logic of compromise, no matter how sweet the terms. If you ask them to raise taxes by an inch in order to cut government by a foot, they will say no. If you ask them to raise taxes by an inch to cut government by a yard, they will still say no.

The members of this movement do not accept the legitimacy of scholars or intellectual authorities. A thousand impartial experts may tell them that a default on the debt would have calamitous effects, far worse than raising revenues a bit. But the members of this movement refuse to believe it.

I know the majority leader in the House of Representatives, Mr. CANTOR, tells us there is no compromise that can pass at the present time in the House of Representatives. I don't accept that. I think Democrats and Republicans working together in the House can pass a grand deal under the parameters that have been talked about at the White House. But what Mr. CANTOR needs to do is work with the Democrats as well as the Republicans in the House of Representatives. We have to come together, Democrats and Republicans.

The one part of the option that should not be on the table is to allow us to pass August 2 without raising the debt limit. Let me talk about the consequences. I have said I believe they are catastrophic consequences, and I do believe that. We know it is likely—almost certain—that the rating houses will downgrade America's currency from the most secure currency in the world. We would be downgraded. We run a real risk as to whether the dollar will continue to be the global currency. Right now, many international transactions are related in dollars. We know that as it relates to energy. All of a sudden, on August 3, we run the risk that the American dollar will no longer be the global currency, having a major impact on the U.S. economy.

J.P. Morgan tells us we could expect an immediate increase in interest costs of 75 to 100 basis points. What does that mean? Well, for the taxpayers of this country, it means it is going to cost

more money for us to pay for our borrowing. That will raise the cost of interest payments which I would suggest is a not very productive use of taxpayer dollars, causing taxpayers to have to pay more for our borrowing. But it goes well beyond the Federal taxpayers. It affects every family in America. The estimates are that the effect of the increase in U.S. obligations on interest rates will have an effect on all borrowing. So if a person is buying a home, they can expect the interest costs will increase by about \$1,000 a year. If a person is a credit card holder, they can expect their interest rates to go up about \$250 a year. That is the effect it is going to have on every American family if we pass August 2 without increasing our debt limit.

If a person has money in the stock market, they can expect there will be a reduction in the value of their wealth. We saw that happen once before when retirement account values slipped dramatically. We are at risk of having that happen again if we pass August 2 without increasing the debt limit.

The impact it will have on our economy, on jobs—we expect it will clearly have a negative impact on our job market. We will lose jobs and we very well may go back into a recession. That is why this is catastrophic if we don't deal with the debt limit in a mature way.

Let me cite the numbers. In the month of August, we expect we are going to have about \$172 billion of revenue coming into our Treasury, but we are going to have \$360 billion of bills coming in—spending we have already incurred that we have to pay for. There are those who say we can pick which bills we want to pay and let the others go. They say we will have some winners and losers. Well, I think we will have all losers, because we can't pick winners and losers.

There are some who say, well, obviously, we will pay interest on the national debt. OK, we will pay that. How about Social Security, and how long can we pay Social Security? If we don't pay Social Security, what happens to those on fixed incomes or, if we reduce the Social Security payments, how does someone who has planned their monthly budget manage with getting, say, 40 percent less of their Social Security in August? How do they handle their obligations?

Then what do we do about Medicare? Do we continue to pay Medicare at 100 percent? Well, I assume we are going to run out of money.

What do we do about our military, our soldiers, who we all say we want to support? Do we continue their salaries or do we reduce their amounts by, say, 40 percent? If we pay all of those, there is no money left over to pay veterans' benefits. What happens to our veterans who are depending on their checks to be able to meet their obligations?

Then what do we tell our students who are preparing to go to school in the fall about their Pell grants, that

their Pell grants aren't going to be available and maybe they can't go to school in the fall? They have to make plans right now.

What do we do about small business owners who are depending upon their contracts with the Federal Government in order to make their payroll? Is their money going to be coming in on August 3? We can't pay those bills unless we raise the debt limit. It has nothing to do with increased obligations of this country; we are talking about spending we have already incurred, that has already been obligated, and now the people who are entitled to the money are asking for their checks. What do we do on August 3?

I don't believe we have a choice. I think we must increase the debt limit. I don't think it is an option not to. No responsible legislator would consider that to be an option.

Yes, let's use that opportunity to manage our deficit. I still hold out hope we can get this grand deal. It has to be fair. It has to be balanced. It has to allow America to grow and it has to allow us to create more jobs. It has to invest in education and innovation and infrastructure so America can compete. We know we can get that done if we use a balanced approach: Reduce government spending at all levels, including the military, as we bring our troops home from Afghanistan. Yes, we need to look at the money we spend through our Tax Code. We have talked about this over and over. We need to have a balanced approach, a credible approach, to manage our debt. That should be our first option. But under no circumstances should we allow America to default on its obligations, causing harm to every American family.

I urge my colleagues to put the national interests first and to take off the table the default on our debt. Take that off the table. Let's put the national interests first and work together to bring about a credible plan to manage our national debt.

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 assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. MCCASKILL). Without objection, it is so ordered.

#### UNANIMOUS CONSENT AGREEMENT—H.R. 2055

Mr. DURBIN. Madam President, I ask unanimous consent that at 1:20 p.m., the Senate proceed to the consideration of H.R. 2055, the Military Construction, Veterans Affairs and Related Agencies appropriations bill; further that following the opening remarks of the two managers of the bill, Senator SESSIONS be recognized to raise a 303(c)

Budget Act point of order; that Senator JOHNSON be recognized to waive the applicable portion of the Budget Act; that there be 4 hours of debate, equally divided, between Senators JOHNSON and SESSIONS or their designees prior to a vote on cloture on the motion to waive; provided further, that if cloture is invoked, the Senate immediately proceed to a vote on the motion to waive, with no intervening action or debate.

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

Mr. DURBIN. Madam President, I ask unanimous consent to speak as in morning business.

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

#### U.S. CREDIT RATING

Mr. DURBIN. Madam President, this morning's Wall Street Journal has a headline which I hope America will pay close attention to: "Raters put U.S. on notice." The United States of America has a credit rating, much as we do as individuals, businesses, and families. The credit rating of the United States is AAA, the very best.

What does it mean? It means two things. First, that those who do business with America think it is the best place to do business—the most reliable economy, the rule of law, transparency. It says good things about America. It translates into the lowest interest rates charged when America borrows money. That is a good thing because we borrow a lot of money.

This AAA rating, of course, is something that is not guaranteed. You have to work for it. Countries around the world now, particularly in Europe, are struggling and failing economically, some in worse shape than others. In the Irish Times yesterday they referred to what they called the "PIGS". I had never seen that term before. It refers to Portugal, Ireland, Greece, and Spain. They said this week Italy was joining the PIGS, the seventh largest economy in the world, roiling in euro debt, being called on to transform and change their economies and their government to deal with their national debt.

It is a tough time in the European Union, and the jury is still out about any one of those countries and how this will end. The United States is not in that situation, thank goodness. Our economy has its problems. We know that: 9.2 percent of our workforce is unemployed, a situation where many small businesses are still struggling, where families struggle, many of them paycheck to paycheck, to get by. But still, the fact that we have to guard our borders to keep people from coming here is an indication of what America's promise means to the rest of the world.

This notice from the rating agencies that now we are on a watch, a credit watch, as to whether our AAA credit rating in America should be diminished