usually a much higher—expense on their tax returns when the stock options are exercised. The result is that corporations can usually claim far larger tax deductions for stock options pay on their tax returns than the actual expense they show on their books for those same options. They get a much bigger tax deduction for exactly the same tax option expense as they show on their books. Stock options are the only type of compensation for which the Tax Code allows a corporation to deduct as an expense for tax purposes more than what they show on their books for that same expense. IRS data shows that from 2005 to 2009, this loophole allowed companies to claim between $11 billion and $52 billion each year in excess tax deductions.

Legislation I have introduced with Senator SHERROD BROWN and Senator MCCASKILL would end these excess deductions by requiring corporate stock option tax deductions to equal the stock option expense shown on the corporate books for those same options. It would not affect the taxes paid by individuals who receive the stock options—their taxes would not be affected, as now they pay for the actual sales price minus their cost. It would not affect so-called incentive stock options, often used by startup companies. It would make stock option pay subject to the same $1 million cap on corporate tax deductions that applies to other forms of executive pay. These proposals alone will put a major dent in the deficit. They would ensure that multinational corporations and wealthy individuals pay the taxes they owe, just like working Americans. If we are to seriously reduce the deficit, these kinds of tax reforms and the resulting added tax revenues must be part of the discussion. I urge my colleagues, especially those on the Joint Select Committee, to embrace these ideas.

Again, I sent a letter yesterday to the members of the joint committee, all the members, laying out these seven ideas which together will raise over $1 trillion in 10 years.

I am going to return to the floor in the days ahead to discuss additional reforms, with the resulting revenues, that were set out in my letter to the Joint Select Committee. These changes, these reforms, this loophole closing, will help to close the gap between spending and revenues that all of us I know want to close.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TAX REFORM

Mr. WYDEN. Mr. President, I am going to take just a little time this morning to make some remarks with respect to the issue of tax reform and particularly try to lay out why the naysayers, those who say tax reform is not going to make any difference anytime soon or there has not been a lot of groundwork laid—those are the two major arguments they are making—I am going to try to lay out why those arguments are wrong.

To start with, they reflect a misunderstanding about markets, about free enterprise and about what drives the American economy. One of the major reasons consumers are not spending and businesses are not hiring workers is uncertainty about taxes. Enacting fundamental tax reform that encourages the use of free enterprise and markets would start changing consumers' behavior very quickly and business would be in a position in West Virginia and Oregon and everywhere else to start making judgments with respect to investment.

They cannot make judgments right now when we have these piecemeal tax changes that might last 1 year or even less. That is not the way the American economy works. Businesses in West Virginia and Oregon are thinking about investments that can last 5, 10 years and even longer and they need some certainty. I am going to spend some time talking about permanent tax reform, enacted early next year, and making a start at it with our supercommittee. We have the good fortune of having Chairman BAUCUS on it. I serve on the Finance Committee with him. Chairman DAVE CAMP, chairman of the House Ways, and Means Committee is also on it. What I feel very strongly about—as does the cosponsor of the tax reform legislation I have offered, Senator COATS—is they can make a good start on tax reform in the supercommittee and I am going to outline how that could take place and then Congress could finish it up early next year.

Let's start by talking about how we might see people's behavior start changing and getting consumers back into the marketplace and businesses start making investment decisions. My own view is, if working families knew at the end of the year or early next year they would get real tax relief as we get underway with the tax legislation I have been part of with Senator COATS and Senator BEGICH and former Senator Gregg and if middle-class folks knew reduced tax rates were going to be in place not just for 1 year but for the long term, they would start making the kinds of decisions they are putting off now because they are uncertain today and they are going to be uncertain next year and the year after if we continue to make these changes in tax law by piecemeal.

My view is, if we saw permanent tax reform enacted early next year, we would see consumers making the kind of purchases they have been postponing in major appliances, new cars, and the other investments they make when they know the economy is going to start picking up because millions of others are going to go back into the marketplace, just like themselves. When businesses see additional demand for their products, they will go out and start hiring more workers.

Let's talk for just a minute about how fundamental tax reform puts more money into the pockets of the middle class. Under the legislation I have been a part of, with two Republicans and Senator BEGICH, a typical couple making $90,000 would pay close to $5,000 less in taxes, according to estimates by the Congressional Budget Office.

The reason that is the case is our bipartisan tax reform triples the standard deduction for that middle-class couple. It triples the standard deduction. Let me emphasize it is permanent. I wish to say that again—permanent. It is not something that is going to be jerked away in 1 year. It is something that would be locked into the Tax Code on a permanent basis. Economists and others have repeatedly said, when we make those kinds of changes and typical families know on a permanent basis they will have more money in their pockets, they will go out and make the major purchases they have put off in West Virginia and Oregon over the last few years.

I have talked to folks at coffee shops and know the Presiding Officer spends a lot of time getting out and talking with folks in his state. When I go into coffee shops and I ask people, in particular, about why they are putting off major purchases—they talk about appliances and cars—they say: I don't know what is going to happen. I heard there was this tax break I was going to get for 1 year, and I don't know what is going to happen after that.

We need to make permanent changes in the tax law, give permanent tax relief to middle-class people, and then, based on everything we know about economics, people start changing their behavior. They are not going to do it in a big way without permanent and predictable changes, changes they can count on that will not be jerked away from them in another year or so.

The same principle goes for business. Once they know there is going to be a new tax system in place with reforms. By the way, virtually all the reform plans take the corporate rate today, which is now the second highest in the world, down to somewhere in the midtwenties as a percentage. Senator COATS and I, with Senator BEGICH, are at 24 percent. The Bowles-Simpson proposal is a little bit higher, but everybody is pretty much in the same place. If we do that on a permanent basis, businesses will be able to start planning, and they will start planning immediately for the beneficial effects of consumers going back into the marketplace because of permanent changes in the individual Tax Code and because they know that the tax rates are going to be lower. Once a reform tax system is signed into law, we have more certainty and we would begin to see the spending, hiring, and investment decisions that are not being made today in the American marketplace by the consumer and by business.

It would also be possible to further jump-start the process and generate economic growth even more quickly. For example, as part of permanent tax reform we could allow the consumer an advanced refund of the reduced taxes they will be getting under tax reform. The Congress did that a few years back. It helped a bit in terms of consumer demand but, again, it was short term. Since it was not combined with permanent reform of the Tax Code to provide future certainty, it didn't stimulate as much demand either in the short term or the long term as it might have if it were coupled with permanent reform. But it did help.

The bottom line is that enacting fundamental tax reform now would provide immediate benefits to the economy by ending the uncertainty that I happen to believe is strangling our prospects for real, significant, long-term economic growth. We all understand the American tax system is an anti-growth mess. It is riddled with loopholes and tax dodges. I sit on the Senate Finance Committee, and for a big part of the tax system today the language is pretty much incomprehensible gibberish. So we do need to make these changes.

Now I wish to get into this issue of whether it is not going to be possible to do tax reform now because the groundwork hasn't been laid. I am sure the distinguished Senator from West Virginia has heard this argument: Gosh, we could do it in 2013; we ought to spend more time studying it—and all of that. I will tell my colleagues that the uncertainty of putting it off again going to continue to harm the economy—in fact, I predicted after the lameduck session of the Congress in 2010 that unless we get people moving in a bipartisan way on tax reform, we would have the same debate in the lameduck session of the 2012 Congress—exactly the same debate—about whether we are going to extend the Bush tax cuts on a temporary basis.

So if we aren't successful in pushing permanent tax reform onto the agenda, that is what will happen. We will have the same debate in the lameduck session in the 2012 Congress that we had during the lameduck session in the 2010 Congress, which will be about, once again, trying to patch up this dysfunctional anti-growth tax system we have in our country.

So I wish to spend a few minutes addressing the claim that it is not possible to do tax reform now because the groundwork hasn't been done. That is awfully puzzling to me, given all of the tax reform proposals that are out there now and how similar they are. For example, when Erskine Bowles and Alan Simpson came to the Senate Budget Committee, they said point-blank that they modeled their tax reform recommendations after the bill that Senator Gregg and I had spent week after week for 2 years working on. That was, of course, flattering. We were happy about that. But the fact is, going all the way back to some of the studies done by the Commission appointed by President George W. Bush and then highlighted by the work done for President Obama, the Volcker Commission, there has been an awful lot of common ground.

For example, the tax rates under all of these major proposals involve, on the individual side of the Tax Code, taking the country from six major brackets to three major brackets. The Bowles-Simpson proposal comes in around 12 percent for the lowest rate, 22 percent for the rate in the middle, and 29 percent for the rate at the top.

The proposal I have been part of with former Senator Gregg and Senator COATS and our colleague and friend, MARK BEGICH, we are a bit higher than that. That is because under our proposal we didn't make changes with respect to the mortgage interest deduction and the charitable deduction or the changes with respect to middle-class folks who depend on their employer for their health care and their retirement. So the point is, we have something we can have a real debate on right now.

Let me highlight one other point. We touched on it yesterday when our group of more than 30 senators got together. The Wyden-Coats-Begich proposal has been scored by the Joint Committee on Taxation, the committee that specifically looks at the impacts of changes in tax law. So if the distinguished Senator from West Virginia, the Presiding Officer of the Senate, wants to come in and make a modification in tax law—for example, adjust the rates, say, in these three brackets one way or another, because we have the numbers now from the Joint Committee on Taxation, and it is the only proposal—our bill, the only proposal—they have scored, we can give to the Senator from West Virginia and any other Member of the Senate—the other 98 Senators not here—we can give them the actual numbers that have been furnished by the official scorekeeper, the Joint Committee on Taxation, so we can be in a position to have a real debate.

There has been an enormous amount of groundwork done on this issue. I have already mentioned the similarity and reforms on the individual rates. The corporate rate reform proposals are similar. Repealing the alternative minimum tax is in our bill. It is in all of the bills. We understand what a crushing burden this alternative minimum tax is.

We have middle-class folks all over America, and the Presiding Officer probably has somebody who, say, is on the police force in a town in West Virginia, and perhaps that police officer's spouse is a teacher, and they can be filling out their taxes twice with this bureaucratic nightmare called the alternative minimum tax. It wasn't intended for those kinds of people. It was intended for wealthier people who had managed to get out of paying taxes altogether.

So we are in a position to move forward. What I and others have said is that if we started in the supercommittee by laying a baseline, a foundation—they already have an opportunity for simplicity by moving from those six brackets to three; they already have an opportunity on the corporate rate where essentially all of the reforms are in the vicinity of going from 35 percent to the mid-twenties, all of the reforms talking about abolishing the alternative minimum taxes, all of the reforms talking about getting taxpayers, individuals, and businesses off the roller coaster of constant tax changes—the supercommittee could make a very significant start on major tax reform by the end of the year, and then early next year we could have a guaranteed legislative process.

Let me use those words specifically. We could have a guaranteed legislative process where the Finance Committee, under the leadership of Chairman BAUCUS, and the Ways and Means Committee, under the leadership of Chairman CAMP, could enact permanent tax reform by early next year.

I have already talked about how markets work. I think if this holiday season the American consumer can have a sense that we are going to make a break with tax policy as we know it today—we are going to stop all of these piecemeal, temporary changes, and we are going to make permanent changes that are going to be built around reform principles which are widely accepted—ever since the 1980s when Democrats and Ronald Reagan worked together on tax reform, the fundamentals of tax reform have been very clear. They are all about eliminating preferences—all of these special interest tax breaks and dodges and loopholes and preferences, eliminating them—and using those dollars to hold down the marginal rate, the rate we pay on the last dollar we earn while keeping progressivity, while keeping a sense of fairness.

Those principles are very clear. All the reform proposals are based on them. It sure seems to me if middle-class people can have the certainty of knowing that tax policy is going to change so they can start making decisions about their economic future and have a real sense that it isn't going to just change in a year, that it isn't just temporary, I think we will start seeing beneficial changes in the American marketplace very quickly. That, of course, is what tax reform is all about. It is about getting consumers back into the marketplace and about businesses growing again because they know they are going to have more consumers and they know they are going to be in a better position to compete in tough global markets. That means jobs.

I wish to wrap up by talking about tax reform and jobs—and, remember, we have not had fundamental tax reform for a quarter century. For a quarter century, this country has been making almost one tax change a day—almost one tax change a day—thousands and thousands of tax changes cumulatively. Talk about what that means for uncertainty for a business and a consumer. We can make a break with that and do what was done in 1986, which translated into a big boost for our economy.

I wish to give the numbers specifically so folks will see what this tax reform issue is all about. According to the Bureau of Labor Statistics, in the 2 years after the 1986 tax reform bill our country created 6.3 million new jobs. I said 6.3 million new jobs. That sounds pretty good. I think that would go over pretty well at a coffee shop in West Virginia, and it certainly does in Oregon.

I am not going to come to the floor and say every one of those jobs is due to tax reform. There are a host of issues that go into judgments with respect to why consumers buy those appliances and those basic necessities and why businesses invest and hire. But I will tell my colleagues one thing: We couldn't have generated 6.3 million new jobs in the 2 years after the 1986 tax reform bill if we had seen a tax reform proposal enacted that didn't make sense for the American economy. It wouldn't have happened.

Clearly, consumers and businesses believed this was a proposal moved by a Republican President, Ronald Reagan, and a host of very progressive Democrats—folks such as Congressman Dick Gephardt who later ran for President with strong backing of American labor. They came together and created 6.3 million new jobs in 2 years with the kinds of reforms that Senator COATS and former Senator Gregg and Senator BEGICH and I advocate now, that are in line with the fundamental thinking of the Bowles-Simpson proposal, the reforms proposal by former President George Bush, and President Obama's own commission directed by Paul Volcker.

We have a chance now to make fundamental changes—fundamental changes—that will change the direction of our economy and the psychology of the American marketplace. In this debate, we can talk, for example, about the issues that are front and center with American workers. I am certain that in those coffee shops in West Virginia, one of the things that is said again and again is: Senator, make sure you keep the jobs here. Keep them at home. We are tired of all those jobs going offshore.

Senator COATS and I have a proposal that takes away the tax breaks for shipping jobs overseas and uses those dollars to create jobs here at home—red, white, and blue jobs, jobs that pay good wages here in the United States because we change tax policy and make it more attractive to do business in the United States.

We can talk about the various ways to do it. There is discussion about a territorial system, there is discussion about a worldwide taxation system for the multinational corporations. The bottom line—again, reflected in all of the reform proposals—is that competitive rates, which means lowering rates for small business and businesses of all sizes doing business in the United States, will help us create more jobs, and they will be red, white, and blue jobs. They will be jobs here in the United States.

So I assume this weekend—whether it is in coffee shops or on talk shows or wherever—people are going to be talking about this discussion about taxes, and they will say: Oh, I don't know if those folks in Washington are going to get anything done. And if they do anything, it will probably be a temporary thing, and they will all talk about why, if you had real tax reform, it might not do anything soon. And, well, it will take a lot more study, and that sort of thing.

I have been convincing this morning about why I believe permanent tax reform—permanent tax reform—will start changing the behavior of consumers in the marketplace, get them back into the marketplace, buying those products that fuel a consumer-driven economy. They will start doing it quickly if they see permanent tax reform enacted. I hope I have been able to clearly outline why a great deal of groundwork has been done already to allow us to move forward—not do the entire tax reform effort in the 6 or 8 weeks that the supercommittee has, but to get a foundation, a baseline in place, a baseline that is built around these areas of consensus, changes that are advocated, essentially, by all the reform proposals, and then allow the Senate Finance Committee, under the leadership of Chairman BAUCUS, and the House Ways and Means Committee, under the leadership of Chairman DAVE CAMP, to use the first few months of next year with their committees—the committees of jurisdiction; the Finance Committee here in the Senate, and the Ways and Means Committee in the other body—that they take the first 90 or 120 days to enact permanent tax reforms.

I think that will be a huge boost for the American economy. I think it will change the behavior of American consumers and American business because that is what markets do. They react when positive and permanent changes are put in place.

This can be thoroughly bipartisan. It was in 1986 when a whole host of quite progressive Democrats got together with Ronald Reagan. I have had the pleasure, over the last few years, to work with two outstanding Members on the other side of the aisle, former Senator Gregg and Senator COATS, and Senator BEGICH of Alaska, a former small businessperson.

This is not like health care; we have done it before. The reform proposals are very much built around the same sort of principles which were the fundamentals of tax reform in 1986. While I know there is going to be considerable debate this weekend about whether tax reform can be done, whether it is going to change anybody's behavior or change anybody's behavior soon, I wanted to weigh in and outline why looking at the principles of the market, I believe, is going to change consumer behavior, change consumer and business behavior for the better, and that there has been a lot of groundwork laid that we can build on.

There is an opportunity, an opportunity for Democrats and Republicans in this Chamber to come together and take steps, steps that will end this anti-growth mess of a tax system, and give our consumers and businesses the certainty and predictability they need to grow, to come back into the American economy.

We will talk some more about this on the floor of this great body in the days ahead. I just want the American people to know this is an opportunity where, if there is a will to do permanent tax reform, there is a way to get it done.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXTENDING THE GENERALIZED SYSTEM OF PREFERENCES—MOTION TO PROCEED

Mr. REID. Mr. President, I now move to proceed to Calendar No. 166, H.R. 2832.

The ACTING PRESIDENT pro tempore. The clerk will report the motion.

The assistant legislative clerk read as follows:

Motion to proceed to the bill (H.R. 2832) to extend the Generalized System of Preferences, and for other purposes.

CLOTURE MOTION

Mr. REID. Mr. President, I have a cloture motion at the desk.

The ACTING PRESIDENT pro tempore. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to proceed to Calendar No. 166, H.R. 2832, an act