

warned against raising taxes in a down economy is proposing to raise taxes in a down economy. He is clearly getting a big assist on that front from the chairwoman of the Budget Committee, who says she is going to include tax hikes in the Senate Democrats' budget plan. That is a bad enough idea to begin with, but it is especially counter-productive considering yesterday's dismal growth numbers, because there are two things we know about tax increases for sure; first, they reduce jobs and hurt economic growth; second, they distract us from addressing the real problem, which is spending.

As I have explained repeatedly on the floor over the past 2 weeks, government spending is completely out of control—completely out of control—and it is projected to get much worse in years to come. Even if the President got the additional tax increases he is asking for, we still would not even come close—not even close—to solving the problem. We certainly will not get there by wasting time on poll-tested PR gimmicks that will hardly bring in any revenue. Every minute the administration spends talking about corporate jets is 1 less minute we have to discuss serious ways to confront the challenges we face. Clearly, it is the spending we have to deal with, and now is the perfect time to do so.

The key to robust recovery is freeing the private sector to grow and to create jobs. We can do that by making government more efficient, by reforming spending, and by eliminating programs that do not work—which happens to be the very same things we need to do to get our fiscal house in order.

Economic growth and debt reduction can actually go hand in hand but only if we pursue the right policies. As a first step, let's stop making things worse than they already are. Threatening families and businesses with even more job-killing tax hikes is clearly counterproductive and so is trying to borrow more money from China to fund more failed stimulus packages.

The President and his allies have had 4 years—4—to put their ideas into practice. Those policies have failed. It is time for a new approach. If Democrats are ready to finally get serious—to end the blame game and pursue real growth policies—then Republicans are here to show them the way forward to a stronger economy and to a more secure future.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. SCHATZ). The majority leader is recognized.

SCHEDULE

Mr. REID. Mr. President, following leader remarks, the Senate will begin consideration of H.R. 325, the debt limit legislation. The time until 12:15

p.m. will be equally divided and controlled. At 12:15 p.m., there will be a rollcall vote in relation to a Portman amendment. Following that vote, the Senate will recess until 2:15 p.m. to allow for caucus meetings. At 2:15 p.m., there will be as many as five additional rollcall votes.

GOVERNMENT SPENDING

Mr. REID. Mr. President, just a brief comment on the statement of my friend, the Republican leader.

He continues bad-mouthing the recovery. We are in a recovery. The moral of the fourth quarter is a repudiation of the Republican playbook. Growth went down in the fourth quarter because of reduced government spending and a reticence of the private sector, as Congress fought over the fiscal cliff. That fight came as a result of the Republicans being so unreasonable. When we were finally able to work something out that was a compromise, it was good for the economy. The economy was rejecting the austerity and brinkmanship.

So let's hope the Republicans will understand that we have to move forward, that the Republican playbook of continually complaining about spending is something—we know we have to do something with spending. We understand that. But there is more to making our economy recover than just continually harping on what is going on with spending.

Everyone recognizes we have to do something with spending, but we also have to do something to have a fair program. Is it fair that to this point all spending cuts have come from non-defense spending? The answer is no. Is it fair that the Republicans continue to want to go after Social Security, Medicare, even food stamps that hits the poorest of the poor?

Let's start talking about fairness. Even Presidential nominee Romney said he had all these tax loopholes that he believed should be closed. We agree with Mitt Romney, and we would hope the Republicans would agree with their nominee for President. That is where we should be looking—to have a fair approach to what we do with sequestration and balancing the budget.

THE DEBT LIMIT

Mr. President, later today the Senate will vote on the House-passed legislation to suspend the debt ceiling until this summer and remove the specter of default hanging over the Nation's economy. I expect this legislation will pass on a strong bipartisan vote, sending the message loudly and clearly that while we are willing to negotiate, we will not engage in another irresponsible debate over whether the U.S. Government should pay its bills.

I would remind my Republican colleagues that most of them voted to incur the debts now coming due. Suspending the debt limit will not authorize a penny of new spending, but it will ensure we pay the bills we have already incurred.

What are some of those bills we have incurred?

We have had two wars going on that have been unpaid for with real money. We borrowed the money. Every Republican voted for these wars. So we should pay our bills.

I was reassured by the House Republicans' decision last week to back off their reckless threat to hold the debt ceiling hostage. Suspending the debt limit will not authorize a penny of new spending, but it will ensure we pay the bills we have already incurred.

The legislation before the Senate sets an important precedent that the full faith and credit of the United States will no longer be used as a pawn to extract painful cuts to Medicare, Social Security, or other initiatives that benefit the middle class. A clean debt ceiling increase that allows the United States to meet its existing obligations should be the standard.

Congress will continue to work to reduce the deficit but will do it without the threat of default. We have already made \$2½ trillion in historic, bipartisan deficit reduction—\$2½ trillion. Democrats believe we should do more. It is critical that we use a balanced approach that couples smart spending cuts with revenue from the wealthiest Americans and from closing the wasteful tax loopholes I have just talked about.

Obviously, Democrats would prefer a longer suspension of the debt ceiling, which would provide additional economic security and stability as we continue to find ways to decrease the deficit. Raising the possibility that the United States could default on its obligations every few months is not an ideal way to run government. But a short-term solution is better than another imminent manufactured crisis.

Every Republican admits that default would rock our financial system to its core. However, injecting uncertainty into the system every few months also has a chilling effect on the economy. This insecurity does not just affect big investment banks or wealthy investors, it costs jobs. All around the country, ordinary Americans with 401(k)s and college savings accounts are affected. I am glad Republicans set aside their plan to gamble with default. It was bad politics and even worse policy.

Middle-class Americans remember the last time the Republicans put us through a protracted fight over the debt ceiling in an effort to force deep cuts to Social Security, Medicare, and other programs important to the middle class. Middle-class Americans remember how the tea party-driven Republicans forced the Nation to the brink of default in 2011, sending the stock market into a tailspin and prompting a historic downgrade of America's credit rating. Middle-class Americans remember how the economy suffered and our bottom line suffered