

again. This bill passed by a vote of 97 to 2. It is the first appropriations bill separately passed by the Senate since November of 2009. It represents a substantial achievement of bipartisan cooperation between the majority and minority. It meets the needs of our over 22 million veterans and the military construction needs of the Army, Navy, Air Force, and allied services around the world.

I am happy that the Senate has begun working again on separate appropriations bills. I commend Chairman INOUE and Vice Chairman COCHRAN for moving forward, as well as the leadership staff. I only hope that further subcommittees can bring other bills forward, as Chairman JOHNSON and I have done, to return regular order to the Senate and its appropriations process.

With that, 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. THUNE. 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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. THUNE. Mr. President, I ask unanimous consent to engage in a colloquy with the Senator from New Hampshire.

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

BALANCED BUDGET AMENDMENT

Mr. THUNE. I have been coming to the floor for several weeks to talk about the need to restrain spending and cut our deficit. As we look at the next few days, we are going to have an opportunity to debate something that does that. We are going to be talking about the Cut, Cap, and Balance plan.

The third part of the plan—the balanced budget amendment—is something I have supported since I first ran for the House of Representatives about 15 years ago. This past week, I received a letter from a Boy Scout in South Dakota, who was writing in to earn a merit badge. I will read an excerpt from the letter. This is what he said:

I feel that the Federal Government needs a balanced budget. If we don't, the debt gets larger each year. I feel that there are two solutions for this. In our house, we are careful to only spend what my Mom and Dad earn. The needs come first and what is left is for wants. Many times we were told no when we asked for something. With my allowance and lawn mowing money, I divide it between donations, savings and spending. I can't spend more than I make.

I think there are two very powerful thoughts in this statement. First is that the need for a balanced budget is obvious—even to this young man because, like him, we cannot spend more than we make. The second is that this has a profound impact on the younger generation. The debts we are running up now will have profound impacts on our children and our grandchildren.

The Senator from New Hampshire is on the floor. She is fairly new to the Senate, but she has already had an immediate impact on many of these budget debates. She is also the mother of two young children, each of whom is carrying a \$46,000 debt. I ask the Senator from New Hampshire about those two young children and the \$46,000 burden that has been placed on them by the \$14.3 trillion national debt we have. Does she feel comfortable having her children essentially owe \$46,000 of this massive national debt we have accumulated now for the past several years?

Ms. AYOTTE. I thank my colleague from South Dakota. This is such an important issue, as he has pointed out, and as his constituent has written him.

As a mother of two children, I am deeply concerned with what is going to happen to the next generation if we continue to kick this can down the road and if we don't use common sense to balance our budget.

I have heard from constituents in New Hampshire—and I am sure the Senator from South Dakota hears the same—that basically only in Washington would the notion of balancing your budget be called “extreme.”

It is common sense that you can't spend more money than you have. We need to pass the Cut, Cap, and Balance plan, because it is a commonsense proposal to ensure that we don't continue along this cycle of continuing to increase our debt and not have a plan to pay our bills.

And borrowing money from China—that has to stop. When you think about all the money we have borrowed from a country such as China, which doesn't share our values—right now, there is no other plan that has been presented but the Cut, Cap, and Balance plan, which was just passed by the House. We can do this now and put our nation on a path to a balanced budget and make sure that the Senator's constituents—and I know he is a father as well—and our children don't bear the burden of our failure to make the tough decisions today. We owe it not only to everybody in our generation but to our children and our grandchildren.

I wanted to ask the Senator from South Dakota this: The cut, cap, and balance plan puts emphasis on cutting spending instead of raising taxes to bring down our deficit and our \$14 trillion debt. Does he believe that is the right approach for America?

Mr. THUNE. Absolutely. I say to my colleague from New Hampshire that the cut, cap, and balance approach is the correct way to approach this problem, because it makes cuts to spending today—real cuts—this year, to this year's budget. It caps spending in the near term, and then it puts into place a balanced budget amendment that would require Congress to balance its budget in the future years. Obviously, that is something many States have. My State of South Dakota has that. I know that the “live free or die” State of New Hampshire has some very dis-

tinct and direct views about the role of government and making its role limited, keeping spending under control, and living within your means.

Cut, cap, and balance is the correct approach because it puts the emphasis on getting spending under control. If you look at the five times our country balanced the budget since 1969, the average amount we spent was just under 18.7 percent of GDP—our entire economy. This year, we are set to spend 24.3 percent of our GDP. That is just on the Federal Government—a historic high.

The President spends substantially above this average in his budget for every year. You literally have to go back to the end of World War II to find a time when we spent this amount as a percentage of GDP on the Federal Government.

Part of the reason for this is the huge increase we have seen in nondefense discretionary spending from 2008 to 2010. In those 2 years, in which the economy was hurting and families everywhere were cutting back, these accounts increased by a mind-boggling 24 percent.

This year, part of our deficit is also caused by low tax receipts, which are caused by a slow economic recovery. If you look at the tax revenue that we brought in in 2006 and 2007, we brought in over 18 percent of GDP in both years. So if we are able to constrain spending, we know we will be able to balance our budget once our economy improves.

I argue that one of the ways we help our economy improve and get back on track is to get Federal spending under control. In 2006 and 2007, the income Tax Code—the way we collected taxes was similar to what we have today. We brought in over 18 percent of GDP in both of those years. So if we get back to a more normal footing in terms of the economy, we will see revenues start to come back. But we have to get spending controlled and actually start to rein in the out-of-control spending we are seeing here in Washington, DC.

If there is still a gap, even if we get back to 18 percent of GDP in terms of what we collect in the form of tax receipts, there is still 23, 24, 25 percent of GDP that the President wants to be comprised of Federal spending. The gap cannot be met through tax increases. It has to be dealt with through spending restraint.

A couple of years ago—and I want to get back to my colleague from New Hampshire in just a moment—Senator AYOTTE's predecessor in this job, Senator Gregg of New Hampshire, who was a great fiscal mind around here and somebody who was very focused on spending and debt, along with Congressman RYAN, asked the Congressional Budget Office to estimate how high tax rates would have to rise to pay for our projected spending. CBO's response had two parts. First, they said marginal rates would have to more than double to cover the expected expenditures of our government. They said:

The tax rate for the lowest tax bracket would have to be increased from 10 percent to 25 percent. The tax rate on incomes in the current 25 percent bracket would have to be increased to 63 percent. And the tax rate at the highest bracket would have to be raised from 35 percent to 88 percent. The top corporate income tax rate would also increase from 35 percent to 88 percent.

That is a quote from the Congressional Budget Office in response to an inquiry from Senator Gregg and Congressman RYAN about what the tax rates would have to be in order to get our budget back into balance.

CBO also said that, practically speaking, this is impossible; you cannot increase tax rates and create this huge disincentive that would have a profound impact on our economy and our ability to create jobs.

So we know that amount of revenue would never be collected when you raise tax rates that high. We know the real way to deal with the budget and to get the budget balanced and under control in this country is to get spending under control. So I think the cut, cap, and balance approach is the correct way in which to proceed because it puts that focus on spending. We need to make sure to constrain spending and live within our means. The cut, cap, and balance approach does that.

By the way, I would like to make one observation about that because there are people who have said the balanced budget amendment that has been proposed by Republicans is too Draconian and won't work. The cut, cap, and balance plan doesn't specify or prescribe a specific balanced budget amendment; it just says a balanced budget amendment.

I think my colleagues on this side would be more than happy to work with our colleagues on the other side to come up with a balanced budget amendment that actually would work to ensure we don't spend more than we take in each and every year, which is what almost every State in the country has in its constitution. That is why they are able to live within their means.

I would say to my colleague from New Hampshire, I am told she recently held a townhall meeting back in New Hampshire, and I am interested in knowing what her constituents had to say because I think New Hampshire has always been a good barometer when it comes to fiscal issues. What did they think about the crisis we are facing? Do they believe the way we ought to deal with this would be to constrain spending and to get our budget balanced in that way, as opposed to moving toward raising taxes, which is what many of our colleagues on the Democratic side and the President have suggested doing?

Ms. AYOTTE. I thank my colleague. What I have heard from my constituents in New Hampshire—and we do have a requirement to balance our budget, and it is not easy to make those tough choices—is that they do not understand why in Washington

there is controversy over the notion of balancing the budget because at home people are balancing their budgets. Families balance their budgets, and businesses balance their budgets.

I meet with businesspeople, and they look at me in disbelief and say: I don't understand why in Washington they don't look at what they have to spend and then stick within a strict budget. It really comes down to common sense.

One of the biggest issues I have heard about from my constituents is that they are concerned that it has been over 2 years—over 800 days—since the Democrat-controlled Senate last passed a budget. The notion that we have been operating without a budget and running well over trillion-dollar deficits and haven't sat down and done the hard work of rolling up our sleeves, allowing the Budget Committee to do its work, astounds New Hampshire citizens because they understand that if we don't have a basic spending blueprint for our country, the end result is that we are going to continue to run up deficits and spend money we don't have, borrowing from countries such as China, which doesn't share our values.

One of the things that is very important about this cut, cap, and balance plan is that it cuts \$111 billion in fiscal year 2012 and it places firm caps on future spending, contingent upon the House and Senate passing a balanced budget amendment, which is so important.

As we have talked about, let's let the States decide. Really, this is about sending it to the people of this country and allowing them to say whether we should balance our budget. I know what the answer will be in New Hampshire. They will say: Yes, please, balance the budget.

If you look at where we are, as Senator THUNE has mentioned, with respect to spending in terms of the size of our economy, we are over 24 percent of our GDP that we are spending right now—well above our historical level, well above the amount of money we are bringing in. Yet the only fiscal plan the President brought forward would massively increase our debt over the next decade, so much so that not even one Member of his own party in the Senate voted for that budget.

So when we talk about a real plan to get America back on track, this cut, cap, and balance plan has a very commonsense approach. We will cut spending right away, put together a responsible fiscal plan for America, and then make sure we have those caps in place so we don't continue to spend close to 24, 25 percent of our GDP. I mean, the President has increased our debt 35 percent since he has been in office.

Finally, let's put to the States the question of whether they think it makes sense to balance our budget. I think we know what the answer will be. They will say: Yes, please balance your budget, as we have to do at home, as we do in State government.

The other issue we are facing right now is, of course, what the rating agen-

cies have said about our failure to handle this fiscal crisis. We have heard about the concerns that if we do not come up with a credible plan that really cuts spending right now, our credit ratings will be threatened. That will further impact our economy, and that is why we can't continue to put off the tough decisions. This cut, cap, and balance plan will put forward \$6 trillion of cuts over the next decade. That will help make sure we preserve our credit ratings for this country. It will make sure we focus on real economic growth that get people back to work.

If we raise taxes the way CBO has suggested based on the questions from Senator Gregg and Congressman RYAN, we know that is going to hurt the American taxpayer. It is going to hurt job creators in this country.

I also happen to come from a small business family. I know the impact of raising taxes in the way that was described. If we have to raise taxes to address the spending problem we have in Washington, it is going to hurt our small businesses—those who create the jobs in this country—and that is the last thing we should be doing when we have over a 9-percent unemployment rate.

So I hope my colleagues will pass the cut, cap, and balance plan right away. The House has passed it, and we can raise the debt ceiling with a responsible plan to cut spending right away, impose spending caps, and send a balanced budget amendment to the States.

I would ask my colleague from South Dakota, when the Senator was first elected, before he served in the Senate, I know he had a career in the House of Representatives and served the people of South Dakota there. There was a vote on the balanced budget amendment at the time in the Senate, and it only failed by one vote. What does the Senator believe our current fiscal situation would be had the balanced budget amendment passed the Senate at that time?

Mr. THUNE. What is remarkable about that is when I first got here, there was a vote in the Senate in 1997. We didn't have the opportunity to vote on it in the House of Representatives, although I think we could have passed it with a two-thirds majority there at the time. It failed in the Senate by one vote. It got 66 votes in the Senate and it needed 67.

I can't help but think how different things would be today had we passed the balance budget amendment then and sent it to the States. I presume, as does the Senator—and New Hampshire is not unlike South Dakota—that we would certainly have ratified it. The 38 States would have ratified it, and it would have put us on a path that is fiscally sustainable. Ironically, at that time the debt was about \$5 trillion. We are talking about \$14 trillion today. Back then, it was \$5 trillion. So that is a \$9 trillion increase. If we had passed a balanced budget amendment, we wouldn't have run up this debt.

Now, it is interesting because—and I will point this out to my colleague from New Hampshire too—if you go back 29 years ago this week, President Reagan led a rally of people—thousands of people on the Capitol—calling for a balanced budget amendment. He said:

Crisis is a much abused word, but can we deny that we face a crisis?

I would say to my colleague from New Hampshire that the Federal debt at that time was \$1 trillion, and President Reagan thought that was a crisis at that time. Obviously, we are in a situation now where the debt is 14 times that amount—\$14 trillion since President Reagan 29 years ago suggested we needed a balanced budget amendment because of the debt crisis we faced then.

A lot of our Democratic colleagues say we just need to balance our budget; we don't need a balanced budget amendment. My response to them is, as the Senator from New Hampshire pointed out, where is your plan? We have been sitting here for 812 days since the Democrats passed a budget in the Senate, and even then that was a budget that didn't balance. The President's budget submitted earlier this year, as the Senator from New Hampshire pointed out, was rejected by the Senate 97 to 0. When the President sent a budget up here, it was actually voted on in the Senate and didn't get a single vote, either Democrat or Republican. So the President took a mulligan on that budget, and he gave a speech outlining the framework for how he would cut the deficit. That didn't balance either.

So it is clear the Democrats don't have the will to balance the budget now. But if we had a balanced budget amendment, they would, along with all of us—Republicans and Democrats because we have all contributed to where we are today—be required to balance the budget every single year, and that would have a huge impact on what our future is going to look like and what the future for your two children and my two children will be.

The rating agencies are considering, as the Senator from New Hampshire mentioned, downgrading us if we don't take concrete steps to reduce our deficits. It would have a tremendous impact on interest rates if that happened. As I mentioned earlier today, 3-year government bond interest rates for Portugal are 19.4 percent; for Greece, they are 28.9 percent; and for Ireland, 12.9 percent. We are already suffering from slower economic growth because of our debt and deficit.

There is a study by economists Reinhart and Rogoff that found that debt levels above 90 percent of GDP were associated with economic growth that was 1 percentage point less than it would be otherwise.

We know from the President's own economic advisers that translates into the loss of about 1 million jobs every year. So it is clear we need to cut

spending now, we need to balance our budget, we need a discipline imposed on Congress. A balanced budget amendment would do that, as it has done for so many States around the country.

But the cut, cap, and balance approach cuts spending, as the Senator from New Hampshire mentioned, now, today, by over \$100 billion this year, cuts spending over the next decade by almost \$6 trillion, and then puts in place a balanced budget amendment that would ensure that going forward into the future we learn to live within our means, that we don't continue to spend money that we don't have.

So I appreciate the observations of my colleague from New Hampshire, as I said. She represents a State that has a great tradition when it comes to keeping spending and government under control. We need that tradition in Washington, DC. I would simply say to my colleague from New Hampshire, I hope we can find the support among our colleagues in the Senate when we have this vote—and it sounds like now it is going to be scheduled for sometime on Saturday—to get a big bipartisan vote in support of cut, cap, and balance.

I know that is what my colleague from New Hampshire hopes as well. I do believe it is the pathway that will get us toward fiscal sustainability for the future of this country and put us on a trajectory that is good for our children and grandchildren, doesn't put this Nation on the verge of bankruptcy, doesn't have the adverse economic impacts that we are experiencing in real time both in terms of jobs lost, potential for much higher interest rates that would affect homeowners, people who are trying to get student loans, auto loans, people who are trying to start businesses. It would be absolutely devastating to this economy if that happened. If we don't get our fiscal house in order, that is the train wreck we are headed for.

Ms. AYOTTE. I thank my colleague from South Dakota. And I, too, hope we will have bipartisan support for this cut, cap, and balance plan. It is so critical, and as the President's own fiscal commission said:

Our challenge is clear and inescapable. America cannot be great if we go broke. Our businesses will not be able to grow and create jobs and our workers will not be able to compete successfully for the jobs of the future without a plan to get this crushing debt burden off our backs.

Well, the cut, cap, and balance plan will help get this crushing debt burden off our backs to allow our job creators to actually create jobs.

Also, when we think about starting from where we began this discussion, our children, we have to act now. I don't want my two children looking at me one day in the future and saying: Mom, what did you do about the fiscal crisis that everybody saw coming? Right now in the Senate, we can come together around this cut, cap, and balance plan. Once and for all, let's com-

mit to passing a balanced budget amendment. Let's send that question to the States. Let's let the people of this country weigh in, because we know they will weigh in with common sense because they do it at the State level, they do it at a family level, they do it in their small businesses.

So I, too, hope we will work with our colleagues on the other side of the aisle; that we will get this cut, cap, and balance plan passed. I look forward to working with all the Senators in this Chamber, and particularly the Senator from South Dakota who, I know, has been such an advocate and such a strong fiscal conservative, wanting to preserve our country and the greatness of America to make sure we get this plan passed now.

Mr. THUNE. I think our colleagues in the House have shown us the way. They passed this last night. They have given us an opportunity now to have this vote, and it is long overdue. In my view—and I think the numbers bear this out—this is not a revenue problem. This is not a problem of having too little tax revenue. This is not a problem, as I pointed out, that can be solved by tax increases, which would devastate the job creators in this country and make it more difficult for our economy to recover and to get people back to work. But this is really about spending.

This is about getting Federal spending back to a level that is historically normal. If we could do that, we will have done a great thing for the future of this country, for our children and grandchildren. It is so important, in my view, that we not wait any longer. We can't afford to wait. The time is now.

We are going to have this vote coming up, it looks like probably on Saturday. I hope we will have a big bipartisan vote in support of this approach that would cut spending today, cap it in the future, and get a balanced budget amendment on the books.

Mr. President, I yield back the remainder of our time.

REMEMBERING THOMAS "BROWN" BADGETT, SR.

Mr. McCONNELL. Mr. President, I rise today to note for my colleagues the passing of a distinguished Kentuckian and my friend, Mr. Thomas "Brown" Badgett, Sr., who passed away this June 30 at the age of 88. A leading citizen of Madisonville, KY, Brown was a philanthropist who will be remembered for his many gifts to his community.

From the Brown Badgett Sr. Energy and Advanced Technology Center on the Madisonville Community College campus to the Brown Badgett Loop roadway and Badgett Athletic Complex there that also bear his name, he will have an enduring legacy.

Brown was able to make this mark not only because he was so highly successful in his chosen fields of coal, real