First, the measure we are passing renews import sanctions for 1 year and 1 year only. I emphasize this point because it has been misreported that this bill renews sanctions for 3 years. That is not accurate; the bill renews them only for 1.

Second, enactment of this bill does not overturn the easing of investment and financial sanctions that the administration unveiled earlier this year. In fact, this year's bill, as in years past, provides authority for the administration to waive the import sanctions should it determine that certain conditions have been met. Before deciding whether to waive import sanctions, I would strongly urge the administration not only to consider the changes occurring within Burma but also to consult closely with Nobel Peace Prize laureate Daw Aung San Suu Kyi and the National League for Democracy.

This year's legislation comes at a time of historic changes on the ground in Burma. Daw Aung San Suu Kyi, long a political prisoner in the country, is now a member of Parliament. The National League for Democracy, once a banned organization, now actively participates in the political life of Burma.

For these reasons, the administration has taken a number of actions to acknowledge the impressive reforms that President Thein Sein and his government have instituted. The United States has responded by sending an ambassador to Burma for the first time in two decades. The administration also largely waived the investment ban and financial restrictions, permitting U.S. businesses to begin investing again in Burma.

For my part, I want to see investment in the ''new'' Burma. I want to see Burmese reformers empowered accordingly, and I want to see greater economic development come to this underdeveloped country. And, frankly, during challenging economic times here at home, I want American businesses to be able to compete in Burma now that sanctions have been removed by other Western governments.

That said, high standards for accountability in American business operations in Burma are important going forward. This seems particularly acute with regard to transactions involving Myanmar Oil and Gas Enterprise. I would urge U.S. businesses to show the Burmese people and the world the positive effects that American investment prompts. I am confident that, as they do elsewhere around the world, U.S. enterprises in Burma will set the standard for ethical and transparent business practices and lead the way for others to follow.

I would be remiss if I did not note the significant challenges in Burma that lie ahead. Ongoing violence in Kachin State and sectarian tensions in Arakan State reflect the long-term challenge of national reconciliation. Hundreds of political prisoners remain behind bars. The constitution still has a number of undemocratic elements. And the regime's relationship with North Korea, especially when it comes to arms sales with Pyongyang, remains an issue of grave concern.

Even with these challenges, however, I am greatly encouraged by the progress that has been made over the past year and a half in Burma. My colleagues and I in the Senate will continue to monitor developments in the country with great interest and with hope for the future.

AFRICAN GROWTH AND OPPORTUNITY AMENDMENT ACT

The PRESIDING OFFICER. Under the previous order, H.R. 5986 having been received from the House of Representatives, and its text being identical to the text of S. 3326, the Senate will proceed to the immediate consideration of the measure, which the clerk will report.

The bill clerk read as follows:

A bill (H.R. 5986) to amend the African Growth and Opportunity Act to extend the third-country fabric program and to add South Sudan to the list of countries eligible for designation under that Act, to make technical corrections to the Harmonized Tariff Schedule of the United States relating to the textile and apparel rules of origin for the Dominican Republic-Central America-United States Free Trade Agreement, to approve the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2008, and for other purposes.

The PRESIDING OFFICER. Under the previous order, the clerk will read the bill for the third time.

The bill was read the third time.

The PRESIDING OFFICER. Under the previous order, the bill (H.R. 5986) is passed.

VETERANS JOBS CORPS ACT OF 2012—MOTION TO PROCEED—Continued

Ms. STABENOW. Mr. President, I would suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. WHITEHOUSE). Without objection, it is so ordered.

SYRIA

Mr. MCCAIN. Mr. President, at this late hour of our session, until September, I think it is important we continue to pay attention to and be concerned about the situation in Syria. Today, Kofi Annan, the former Secretary General of the United Nations, announced the failure of his mission. If there is anything about the conflict in Syria that did not surprise most of us, it is the fact that Kofi Annan's mission was a failure. It was doomed to failure from the beginning. It was based on the premise that somehow Bashar Assad would be motivated to stop the massacre of his people. It was motivated on the premise that somehow U.N. observers could come in and stand between the two fighting forces but totally ignore the fundamentals of this conflict.

The fundamentals of this conflict are simple: It is the Syrian people attempting to assert their God-given rights and throw off the yoke of a brutal and unconscionable dictator, and on the other side of the equation Bashar Assad's commitment to doing whatever is necessary, including massacring now as many as 20,000 of his own people in his desperate quest to remain in power in Syria.

Let's not forget that one of the reasons we have seen heavy Russian involvement in the form of supplies of arms and equipment and continued Russian veto of resolutions in the U.N. Security Council that would have imposed even the mildest sanctions on Bashar Assad is what seems to be some kind of nostalgia on President Putin's part for the old Russian empire and the maintenance of their one base on the Mediterranean port in Syria.

The Russians' behavior in this throughout, as they continue to block one resolution after another, of course, is revealing of the true nature of the Putin regime, the autocracy and kleptocracy that has now asserted its full power and weight in Russia. In addition to that, of course, we have the Chinese joining Russia in their sustaining of vetoes in the U.N. Security Council.

It is hard to overstate the damage these actions by Russia and China have done to them, but it is also hard to overstate the damage that has been done to the Syrian people, with Russian equipment being supplied constantly, Iranian boots on the ground helping to set up torture centers, and continued encouragement of Bashar Assad to remain in power.

I am not here to again critique this administration's abysmal record, but isn't it ludicrous—isn't it ludicrous—to base your entire policy toward Syria on the belief that somehow the Russians would convince Bashar Assad that he should leave Syria? Isn't it foolish to somehow base your policy and nonintervention on the belief that somehow the mission of a former Secretary General of the United Nations would succeed when it was clear the Syrian people were not going to be satisfied with the continuous barbarous regime of Bashar Assad, and certainly Bashar Assad was not going to give up?

It is clear through Iran's actions that its rulers are playing for keeps in Syria, and they will stop at nothing to prevent the fall of Bashar Assad. Why are the Iranians so committed and involved? The words of General Mattis, the Commander of U.S. Central Command, described it before the Senate Armed Services Committee when he said that the fall of Bashar Assad would be ''the greatest blow to Iran in 25 years.''

So the United States does have more than a humanitarian interest in what

happens in Syria. In fact, if Bashar Assad falls, Syria loses its position as far as Lebanon is concerned, the Lebanese people have an opportunity to lose their client status of Syria, and Hezbollah absorbs a serious blow because they lose their patron in Syria.

So the fall of Bashar Assad is not only a victory for the force of democracy and freedom, but it would also mean a significant—a significant—advance in our interest in the region as our major concern today remains the Iranian continued development of nuclear weapons. The path they are on sooner or later may provoke an attack by either Israel and/or the United States of America.

I say that with some authority because the President of the United States, President Obama, has appropriately said it would be unacceptable for Iran to acquire nuclear weapons.

I have been, along with my friend JOE LIEBERMAN, to a refugee camp in Turkey on the Syrian border. There have now been thousands and thousands of additional residents there who have had to flee the brutality of Bashar Assad inside Syria. I met young men who were freshly wounded. I met defectors from the Syrian Army who described how they are instructed—they are instructed and indoctrinated to rape, to murder, and to torture. I met individuals who have watched their children murdered before their very eyes, and I met a group of young women who had been gang raped.

I wish every American could have had the opportunity to see these people whose only reason—only reason—to rise up is because they want to achieve their God-given rights.

What is going on now in Syria is very important, because the longer the conflict drags out, the more jihadists and foreign fighters and extremists come into the fight.

Every day that goes by that Bashar al-Assad is in power is another day which will make it more difficult once he leaves—and he will leave, but the question is when—but how difficult it will be for Syria to knit their country back together and become a functioning democracy.

There is also a very serious issue of chemical weapons. It is well known, and for the first time recently, the Syrian government acknowledged that they have stores of chemical weapons. These chemical weapons pose a great threat in a very unstable region. There are various scenarios that we should be deeply concerned about. One of them is that if chemical weapons fall into the hands or shift to Hezbollah, what kind of a threat does that pose to Israel? I remind my colleagues that Hezbollah has committed to the extinction of the State of Israel, as has Iran.

So what happens with these chemical weapons is a very important issue. The more chaos and the more disorder and the more frustration and anger that is displayed on both sides, the more likely it is that these chemical weapons can fall into the wrong hands, and they are not located in one place.

So there is a great deal at stake. There is one thing I hope we could all agree on; that is, the longer it lasts, the greater the danger, the greater the chaos, the more killing, the more rapes, the more murders.

Today we have information that the President of the United States has made a decision—and I am not sure of the details because I only know the media reports, but the best way to describe, as I understand it is—to facilitate the flow of weapons to the Syrian resistance fighters. I don't know how that is done. I don't know how that is accomplished, but I do know this, that they also need a sanctuary. They need an area that is secure, the same way the Libyans needed Benghazi, so they can train, equip, and establish a government.

The resistance, as we all know, is fractured. The best way to join them together is to have a central council they can answer to and that can make sure the weapons go to the right place. That is a vital component that should happen sooner rather than later.

None of us seeks to put American boots on the ground for a whole lot of reasons. I know the American people are war-weary and focused on our own domestic challenges. Both of these sentiments are genuine and legitimate. But what has unfolded in Syria over the past 1½ years not only offends the conscience of our country, it also poses real and growing risk to our national security interests and to those of some of our closest allies.

I don't believe Bashar Assad can last, even under current conditions. But I do know for sure America's national security interests in Syria will remain long after Assad's fall. In many ways, they could become more precarious because of our inaction, because of the failure of the President of the United States to speak up for these people. Why doesn't the President of the United States speak up for them? I have never understood that.

Because of our inaction, the people who will inherit the country in Syria will remember that in their hour of greatest need, when the bravest among them were fighting and dying for their freedom in a grossly unfair fight, America stood idly by and refused to help.

As the sister of a fallen opposition fighter in Syria recently remarked, ''When we control Syria, we won't forget that you forgot about us.'' Millions of her fellow Syrians share that sentiment.

If we continue on this path of inaction, mass atrocities will continue to unfold in Aleppo and other places in Syria. We have the power to prevent this needless death and advance our strategic interests in the Middle East at the same time. If we don't, if we continue this shameful behavior, our failure of leadership will haunt us for a long period to come.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

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

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

THE DREAM ACT

Mr. BLUMENTHAL. Mr. President, I hope that many of my colleagues, in returning to their home States for the August recess, may have an opportunity to attend a citizenship ceremony. I do so regularly when I go home. During the July 4th break, I had the wonderful opportunity to attend several. These ceremonies can occur in courthouses or in townhalls. They swear the oath and are newly made citizens. They are accompanied by families and friends. It is a uniquely joyous and proud day in their lives. Many have waited years to become U.S. citizens, and they do so not only willingly but joyfully. There are tears in many of their eyes, and there are tears in my eyes as well because it recalls to me the day many years ago, decades ago, when I first attended such a ceremony, which in turn recalls for me the stories of my own relatives who came to this country from other shores. So did many of the parents or grandparents—forebears of we who serve in this body.

The meaning of citizenship of the United States and the value of those rights that come with citizenship are often forgotten or unappreciated by many of us who were born in this country. We sometimes, unfortunately, take them for granted. But there is a tremendous value placed on those rights and liberties by people who come to the United States.

Today I wish to talk about people who come to the United States or more precisely are brought to the United States as young people, as infants or children, many under 4 or 5 years old, and this country becomes the only one they have known. The history of this country is their history. They may not even know the language of the country from which they came. The language of this country is the only one they know, and they have no memories or scant recollections of the countries where they were born. These young people are here, and they were brought here perhaps by parents who came illegally, but they are here through no fault of their own.

Many of them have achieved remarkably and have contributed extraordinarily. Their promise of future achievement is staggering, extraordinarily impressive in its potential contribution to the lives of their communities—to teaching, to giving back to their communities—their contributions in terms of scientific or literary accomplishments.

One such young person is Muller Gomes. I am going to tell his story today much as Senator DURBIN has told

other stories on the floor of this Chamber in his steadfast and energetic advocacy of a measure called the DREAM Act. I want to follow him in engaging this Chamber in this effort. I thank distinguished colleagues, such as Senator DURBIN, who have been tireless advocates for the passage of the DREAM Act.

The DREAM Act, called by its full name, ''Development, Relief, and Education for Alien Minors,'' should be a top priority for this Congress. States such as Connecticut have passed their versions of it, but a national and uniform effort is essential. Much as we hope and I support that we will have comprehensive immigration law reform, I also believe the DREAM Act is an idea whose time has more than come. We should be adopting it as soon as possible in this Chamber to provide the kind of certainty and promise that is so important to young people like Muller Gomes.

Muller Gomes was brought to this country from Brazil when he was 5 years old. He came with a tourist visa in 1995. The tourist visa expired a year later, in 1996, so he has been here without proper documentation since then. He has been through the Bridgeport public schools, Central High School in Bridgeport, and then he went to Fairfield University.

This is this young man at his graduation from Fairfield University—his graduation summa cum laude. He was a member of Phi Beta Kappa, Pi Mu Epsilon and Sigma Xi. He won the American Chemical Society Outstanding Senior Chemistry Major Award, and he has been accepted at the University of California at Berkeley's physical chemistry Ph.D. program.

All that he lacked was a student visa to pursue his studies at UC Berkeley. He lacks a student visa, and if he returns to Brazil to seek one, he will be denied it because he has been undocumented in this country.

If there were ever a catch-22, Muller Gomes is its poster child under our current immigration law. Under current law, that student visa will be denied him. Fortunately, on June 15, 2012, the Obama administration made a very strong statement of support for young men and women like Muller Gomes. They issued a regulation or a directive that will permit him to remain in this country. That directive is lacking in a number of respects compared to the DREAM Act. It will be temporary—only for a couple of years. It is not a path to citizenship, as the DREAM Act would provide. It does not make him eligible for the kind of financial aid he would need. Most importantly, it requires him to go through the stress and uncertainty of applying again for deferred action. It is only a deferral of deportation.

So the DREAM Act remains a vitally important measure for literally thousands of young people—between 11,000 and 20,000 young people living in Connecticut who would benefit from the DREAM Act and 2 million young people nationwide. Under the DREAM Act, they would comply with rigorous standards and requirements—lack of criminal record, criminal history, and they would in effect be provided this pathway to citizenship because of their promise and their potential for contributing to this country—in Muller Gomes' case, the potential for contributing to this country as a scientist who would make new discoveries, perhaps breakthrough discoveries that would benefit the entire country. We laud young people like him who are motivated and smart and dedicated to this country.

I am committed to comprehensive immigration reform achieved through bipartisan congressional action. That ought to be one of our immediate goals so that young people like Muller Gomes, brought to this country as children through no fault of their own, will have the opportunity to contribute to this Nation and be part of their communities, as the DREAM Act would provide and as comprehensive immigration reform would also achieve. But in the meantime, let's pass the DREAM Act so these dreamers, such as Muller Gomes, will have the basic guarantees and certainty that they can remain in this country and that the promise of the greatest Nation in the history of the world will be truly theirs and irrevocable. This country will be theirs regardless of religion, race, gender, or any of the arbitrary labels we say consistently and constantly should have no place in our judgments about human beings.

Our Nation will be better because Muller Gomes will be with us and our Nation would be better still if the millions like him have the security and certainty of a path toward citizenship—a path that will benefit them and benefit the greatest Nation in the history of the world.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mrs. SHAHEEN). The Senator from Rhode Island.

Mr. REED. Madam President, I ask unanimous consent that the quorum call be rescinded.

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

CYBER SECURITY

Mr. REED. Madam President, first, let me express my disappointment that my colleagues on the other side of the aisle blocked consideration of vitally important cyber security legislation. The Secretary of Defense, when asked about a potential threat to the United States, declares emphatically that his biggest concern is that the next Pearl Harbor will be a cyber attack upon the United States and if we cannot at least fully debate, amend the bill, and pass the bill, then I think we are not performing up to the expectations of the American people.

So I am very disappointed that we were not able to complete this legislation in a timely fashion this week and give the necessary tools to our national leadership to protect the country against potential cyber threats.

FEDERAL HOUSING FINANCE AGENCY

Having said that, I also want to rise today to express my profound disappointment in the Federal Housing Finance Agency's decision to prohibit the use of principal reduction by Fannie Mae and Freddie Mac as one more tool to avoid foreclosure under the HAMP Principal Reduction Alternative (PRA).

As conservator, the acting FHFA Director, Mr. DeMarco, has a duty to not only carry on the business of both Fannie Mae and Freddie Mac but also to preserve and conserve the assets of both, which FHFA has stated repeatedly requires them to minimize losses. At the same time he has other statutory responsibilities. Under section 110 of the Emergency Economic Stabilization Act, there is a requirement that FHFA ''implement a plan that seeks to maximize assistance for homeowners and use its authority to encourage the servicers of the underlying mortgages, and considering net present value to the taxpayer, to take advantage of . . . available programs to minimize foreclosures.''

So there is a clear statutory direction to do all that he can to minimize foreclosures while he is also balancing the portfolio and minimizing losses to Fannie and Freddie.

To boil all of this down, FHFA has to minimize Freddie Mac and Fannie Mae losses, and pursuant to the Emergency Economic Stabilization Act, which passed this Chamber on a strong bipartisan vote of 74 to 25, this requirement to protect homes from foreclosure or the people from the threat of foreclosure is a strong bipartisan objective. FHFA was directed by Congress to throw its weight in favor of avoiding foreclosures, especially in those instances in which a policy decision may be a close call. I believe that is the plain meaning of ''maximize assistance'' to ''minimize foreclosures.'' Maximize assistance—not provide assistance but to maximize assistance to avoid foreclosure. I would further note that section 110 of the Emergency Economic Stabilization Act explicitly permits ''reduction of loan principal.''

So we consciously gave the Acting FHFA Director the specific tool of principal reduction and the specific directive to maximize assistance to minimize foreclosure. We did that in the context of the overall mission to try to minimize losses of the Fannie and Freddie portfolio. But to turn essentially a blind eye to the thousands of Americans who are facing foreclosure is to ignore a vital responsibility and a vital authority which he has been given.

After reading FHFA's July 31, 2012, letter to Members of Congress, my impression is that FHFA has done exactly the opposite of what we have asked them to do. Indeed, the letter contradicts itself in arriving at its conclusion. FHFA states in one part of the letter that it will not allow principal reductions under the PRA program. But in another part of the letter, FHFA goes on to write,

> Short sales and deeds-in-lieu, which the Enterprises offer, result in principal forgiveness as part of exiting the house.

In other words, it seems, in their view, principal reduction is acceptable in some cases, especially if the owners leave their home.

Now, I think there are thousands of Americans who are facing huge challenges to stay in their homes. It is ironic that FHFA will reduce the principal, only after the person actually loses their home. But if it, through PRA, allows a person to keep their home, and avoid foreclosure, then FHFA will not do it.

In the same letter FHFA also states that:

> Forgiving debt owed pursuant to a lawful, valid contract risks creating a longer-term view by investors that the mortgage contract is less secure than ever before. Longer-term, this view could lead to higher mortgage rates, a constriction in mortgage credit lending or both, outcomes that would be inconsistent with FHFA's mandate to promote stability and liquidity in mortgage markets and access to mortgage credit.

So forgiving debt is inconsistent with FHFA's mandate, but FHFA admits to allowing principal forgiveness in certain cases? Again, let me repeat their own words.

> Short sales and deeds-in-lieu, which the Enterprises offer, result in principal forgiveness as part of exiting the house.

But FHFA also states:

> Forgiving debt owed pursuant to a lawful, valid contract risks creating a longer-term view by investors that the mortgage contract is less secure than ever before.

Well, how does this make any real common sense? We will forgive principal if homeowners are going to get kicked out of their house, which presumably upsets the long-term perspective of investors and bonds that support those mortgages. But if homeowners are staying in their house, we will not reduce principal through PRA.

Turning to the point of moral hazard, which is implicit in all that has been discussed by FHFA, and given that FHFA has blessed principal forgiveness in these two instances of short sales and deeds-in-lieu, and additionally permits principal reduction as part of the Hardest Hit Fund, which also utilizes Treasury incentives, I can only assume that FHFA must have found a way to control and avoid moral hazard when they want to and use moral hazard as an excuse when they don't want to do something.

Either it is an issue that must be consistently addressed, which they don't do, or it is an after-the-fact rationalization for failure to pursue a policy which for other reasons they don't want to do.

Having made these points, let me give FHFA the benefit of the doubt here and assume for the sake of argument that FHFA wants greater certainty and assurances. I think they said as much when they wrote:

> FHFA weighed these potential benefits and costs, recognizing the inherent uncertainties associated with these estimates, and concluded that the potential benefit was too small and uncertain relative to known and unknown costs and risks to warrant the dedication of additional taxpayer resources to Fannie Mae and Freddie Mac to implement HAMP PRA.

I have heard a couple of my Republican colleagues talk about how what FHFA should be doing is what the private sector is doing, looking to the business men and women, who protect their shareholders. In fact, I think that is a good place to look for some direction. But what is the private sector doing when it comes to principal reduction?

For one, Laurie Goodman, Senior Managing Director at the Amherst Securities Group, a broker/dealer specializing in the trading of residential and commercial mortgage-backed securities that performs extensive, data-intensive studies to keep its clients informed of critical trends in the residential mortgage-backed securities market, has testified before the Senate Banking Committee that principal reductions are, in her words, ''the most effective type of modification.''

Next, John DiIorio of 1st Alliance Lending, whose clients consist of major banks, investment banks, and sophisticated financial counterparties, has stated that his clients are in favor of principal reduction ''not out of a sense of charity, but because they believe it is in their best financial interest to do so.'' In other words, there is a very strong business case for principal reduction—a business argument, apparently, that FHFA has ignored or totally rejected.

Finally, when we look at the newest data from the Office of the Comptroller of the Currency, we see that banks have granted principal reductions on 28.9 percent of the loans they hold, which is up from 11.5 percent a year earlier. By the way, they also have lower default rates than Fannie Mae and Freddie Mac.

So when we look at the private sector, what they are doing appears to be different; indeed, perhaps the opposite, of what FHFA is doing. They are going through their portfolios and, in appropriate ways, reducing principal not because they want to provide charity, but because it is the best way to preserve their portfolio and generate value for their shareholders. That is what their business is doing. In fact, they have a fiduciary duty to do that.

So it would appear the private sector seems not only completely comfortable with principal reduction, but they, in fact, are doing it because it is good for their bottom line.

Yet, we have FHFA essentially saying, well, we can't do PRA. I think this is one of those examples where they just don't get it, frankly.

If principal reduction provides greater value than foreclosure to a private investor, such as these banks I cited, and on top of that keeps a family in their home, aren't these the types of decisions we should make and we should support?

The real moral hazard, if there is one, is that FHFA is inexplicably choosing not to use every available tool, especially one the private sector is already using extensively to help homeowners and investors time and time again.

There are people in this Chamber on both sides of the aisle who say we have to run this government more like a business. Well, guess what. The businesses are using principal reduction, and FHFA is saying they can't do PRA. This is shortsighted and it is wrong. I urge the FHFA to reconsider and, in the meanwhile, I am going to continue my efforts to do what I can do to help these homeowners who are facing foreclosure.

It is very difficult—and I know it is for my colleague from New Hampshire and my colleague from Utah—to go back home and see a homeowner who is struggling with a mortgage that might be 5 percent or 6 percent, knowing that banks can borrow at less than 1 percent, and this homeowner has difficulty getting access to a better mortgage rate because he or she is underwater.

I hope we adopt some of the smarter business practices around here and that FHFA leads the way, and I am going to do all I can to ensure that outcome becomes a reality.

With that, I yield the floor, and I thank my colleague from Utah for his consideration in letting me speak.

The PRESIDING OFFICER (Mr. BLUMENTHAL). The Senator from Utah.

Mr. HATCH. I thank my colleague. He is always gracious and a very fine man, and I enjoy serving with him very much.

CYBER SECURITY

Mr. President, I was very disappointed that we were not able to proceed with the cyber security bill today. This side had the votes against cloture. The reason is because the Senate is not being run as an open Senate anymore.

This is such an important bill. It is not some itty-bitty bill that we can call up and foreclose any amendments. In fact, most bills are not that are brought to the floor. I think if it were the other way around and the Republicans were in the majority and they started doing what we have been going through lately—I don't blame Senator REID for this; I know it comes from his caucus. If we were pulling the same type of thing, I have to say the Democrats would be in orbit.

Usually in the Senate we never build a procedural pyramid until after there has been a reasonable time for debate

and open amendments. That is the way it is usually done. In recent months—frankly, over the last few years—they call up a bill, file cloture as though we are filibustering when we are not, and then tie up the parliamentary tree so we can't have amendments, in the greatest deliberative body in the world, supposedly. That has been very irritating to people on our side.

I would caution my friends on the other side: This is getting to the point where it is becoming a matter of grave concern to everybody and irritation to everybody as well. I think we ought to get back to being the Senate that we all know works better if we respect both sides and their ability to come up and say what they need to and bring the amendments up that they feel are good amendments.

But be that as it may, that is the way it is right now. We have to do the cyber security bill. Everybody knows that. The fact that cloture was not invoked does not mean we shouldn't return to that bill and put the time into it and make sure we resolve the conflicts that have arisen, some of which are very important suggestions, and allow the type of proceeding that the Senate has always been known for.

VALUE-ADDED TAX

I wish to change the subject. Recently, there has been some commentary about the lack of substance in our political debates. This concern, that Washington has failed to confront our deepest political challenges, which are, in large part, fiscal challenges, is not without some merit. But I would add one caveat to this analysis. It is not for lack of trying on the part of Republicans to have a grownup debate about our Nation's fiscal and economic future. Republicans are putting forward real ideas about tax and entitlement reform with real numbers attached. However, I would submit that only one side has put a team on the field for this debate. When it comes to putting forward solutions to our nearly $16 trillion of debt and our archaic Tax Code, the President and his Democratic allies have largely stayed on the sideline. Instead of offering up bold proposals to bring down the debt that has ballooned, given the President's commitment to ever larger and more active government, they have determined to give the American people talking points that attack the wealthy and successful small businesses in the name of equality.

Given the fiscal cliff threatening America's families and businesses, this decision to put politics above solutions is madness. But there is a method to it. The fact is the President and his liberal allies are not able to put forward serious solutions because they are between a rock and a hard place. The rock is their base—a liberal minority that refuses any meaningful reforms of the spending programs that are bankrupting our country. The hard place is the vast majority of the American people who flatly object to the massive tax increases, and especially those 940,000 small businesses that would be hit the hardest. Of course, those massive tax increases would be required to finance on a permanent basis the President's commitment to larger government.

The bottom line is that the President is unable to come clean. He cannot tell the American people what the true tax bill would be for his expansion of government. He suggests that our books can be balanced by taxing the rich. We all know that is poppycock. Hence his commitment to the Buffett tax and other redistributionist schemes that have been pursued by the Senate's Democratic leadership over the past 2 years as though they are serious. Give me a break. No serious person believes the Obama administration's government can be financed simply by going after the so-called wealthy. The only way to do it is by going after all Americans and raising taxes on all citizens. That is the silent plan the President will not discuss on the campaign trail. That is the Democrats' phantom budget. And that is what I want to discuss today.

When it comes to addressing our deficits and debt, only one party in Washington has been willing to put its cards on the table. Only one party has been willing to acknowledge the difficult choices that have to be made. The other side has refused to provide any concrete solutions of their own, while demonizing anyone who has had the temerity to propose anything resembling a workable solution.

A case in point. It has been more than 3 years—3 years—since the Senate, which has been under Democratic control the entire time—passed a budget resolution. Those budget resolutions are mandatory. Yet they blindly ignore it. Three years—three years—without a budget. Four years ago, if someone wrote a novel or a screenplay about a Senate majority that refused to pass a budget for 3 years, people in both parties would have laughed and called it absurd. Yet here we are 3 years later.

In fact, the only budget proposals from the Democrats have come from the White House and they have been anything but serious. According to the CBO, the President's most recent budget would keep the United States on the same unsustainable path, with an ever-widening gap between revenues and spending, varying from 8.7 percent to 2.5 percent of GDP, and averaging 3.2 percent of GDP.

We should keep this in mind when we hear the President and his allies suggest we can get our debt under control simply by raising taxes on the wealthy. The President raises plenty of taxes on upper income individuals and small businesses in his budget. Yet under the President's budget, debt held by the public would still reach 76.3 percent of GDP by the end of the budget window.

Even the President's budget, which raises taxes significantly, comes in with a debt limit that is well above what leading economists such as Kenneth Rogoff and Carmen Reinhart consider the danger zone of 70 percent. The President claimed a few weeks ago that his biggest failing over the last 3 years was that he cared too darn much about policy. If only that were true. But the fact is he ignores the policy experts and their warnings when it comes to the debt.

Consider what CBO Director Elmendorf wrote to House Budget Committee Chairman PAUL RYAN regarding the debt earlier this year. I have to say, Mr. Elmendorf is a Democrat, but I found him to be extremely trustworthy and honest. Here is what he wrote:

> Budgetary policies affect the economy in a variety of ways . . . All else being equal, scenarios with higher debt tend to imply lower output and income in the long run than do scenarios with lower debt, because increased government borrowing generally crowds out private investment in productive capital, leading to a smaller stock of capital than would otherwise be the case.

Director Elmendorf continues:

> Moreover, that same crowding out leads to increases in interest rates, raising the government's interest payments and therefore further boosting government deficits and debt. A perpetually rising path of debt relative to GDP is unsustainable.

That is what our CBO Director, a Democrat, says. Again, I will vouch for the fact that he is a very good economist who, as far as I have seen over all of these years I have worked with him in Washington and watched him help our committees, is totally honest.

No one can legitimately dispute that our entitlement programs—Medicare, Medicaid, and Social Security, in particular—are the major forces driving our future national debt. No one can dispute that.

This chart I have in the Chamber, produced by the Bipartisan Policy Center, shows the cannibalization of the budget and ultimately the American economy if we go with the status quo on health care entitlements.

Look at this blue line on the chart: health care spending. Under the questioning by Members of Congress, leading Obama administration economic policy officials, such as Treasury Secretary Geithner, basically demur on dealing with the runaway entitlement spending. You can see, it is running away.

In February, Secretary Geithner identified to House Republicans that the administration was putting forth no plan to reform entitlements, but, as he said: ''we know we don't like yours.''

The only official proposals we receive from the President and his administration would simply maintain the status quo—a status quo that is so unacceptable that not one Member of the House or the Senate supported the President's budget, not one in either body.

So what proposals do Senate Democrats support?

Keep in mind, this blue line on the chart is the health care spending line. The red line shows Social Security, which is relatively flat. It goes up a little bit. That is the Social Security

line. The green line happens to be discretionary spending, which has gradually come down—or will come down from 2012 to 2052, according to what we are trying to do. Other mandatory programs are pretty much even. But health care spending is running out of control. That is Medicaid and Medicare and all the other health care spending—but especially Medicaid and Medicare.

What proposals do the Senate Democrats support?

On that, they prefer to keep the American people guessing. Perhaps the President will keep the American people in the dark until he possibly gets ''more flexibility.''

Democrats have not been willing to put their vision down on paper. By comparison, there is the budget put forward by PAUL RYAN. Unlike the Democrats who are hiding the ball from the American people, Republicans have not been afraid to talk about the Ryan budget.

This is a comparison of budgets on this chart. The Ryan budget constrains Federal spending and keeps it close to its historic average at 21 percent of GDP. Here is the House Ryan budget, as shown on this chart in the red. By exercising that spending discipline, the budget pulls the deficit down to 1.7 percent of GDP.

By comparison, President Obama's budget deficits are at 3.2 percent of GDP, on average—nearly double those of the Ryan budget.

When you boil it down, there is $3.5 trillion more in deficit reduction in the Ryan budget than in the President's budget, which is represented by the blue line on the chart. There is a $3.5 trillion difference between these two. That is how much the Federal Government currently spends in 1 year.

Because of the President's failure to tackle runaway entitlement spending, that yawning fiscal gap between the two plans only gets much bigger in the outyears.

As you can see right here on this chart, look at how health care spending is going up in these outyears, from 2012 all the way to 2052. As you can see, it is constantly going up from 2012.

Whether we are debating the budget or the debt ceiling or Taxmageddon, one thing is clear: The President and the Democrats in Congress do not like to talk in specific numbers. Instead, they want the American people to measure specific Republican alternatives like the Ryan plan against a series of campaign speeches and attack ads.

The current fiscal debate is between the Ryan budget and a phantom Democratic budget. Apparently, the Chicago campaign sharpies have determined it is safer to wait until after the election to finally unveil the details of the phantom budget, which just in health care spending is going to go forever up and eat our country alive. And their advice has been heeded by the Democrats.

If your proposals are never written down, no one can check your math. We do not know the actual fiscal position of my friends on the other side of the aisle, but we can fill in some blanks.

We know by their vicious attacks on the spending restraints in the Ryan budget and other Republican proposals that the President and his allies in Congress have no interest—zero; no interest—in reducing spending.

We know their income tax proposals do not add up to much in terms of revenue. Even if they let the entirety of the current tax relief expire—which is a distinct possibility given the game of chicken they are currently playing with the fiscal cliff—there probably is not enough money to be found in the income tax to pay for the coming explosion in entitlement spending. You can see it right there on this chart in health care alone.

So where does the Democrats' phantom budget find the fiscal juice to fill its structural hole? The answer is simple: a European-style value-added tax, the VAT, or its green cousin, a carbon tax.

I am quite certain my colleagues on the other side of the aisle will write this off as fear-mongering and fabrication. But what other conclusions are left to draw?

Without significant reductions in spending or reforms in our entitlement system—neither of which we can expect from this President or the Democrats currently in Congress—there is not enough money to be found in traditional revenue streams to cover the President's spending bill. A VAT, a value-added tax—or some other euphemized form of a VAT—appears to be the only option left to our friends on the other side of the aisle if they want to continue spending at current projections.

Many prominent Democrats have expressed some level of support for the value-added tax in the past. In 2009, during an appearance on the Charlie Rose show, then-House Speaker NANCY PELOSI said that a VAT was ''on the table.''

A year later, President Obama, in a CNBC interview, expressed a willingness to consider a VAT to address the deficit.

Countless high-profile Democratic strategists and advisors—people such as John Podesta and Paul Volcker—have unapologetically suggested implementing a VAT in the United States.

Ezra Klein, a writer with real cache among liberal Democrats, expressed similar views in the Washington Post in 2009. Here is a revealing quote from Mr. Klein's article:

> First, a simple fact: Tax rates will rise over the next decade. Even with painful spending cuts, tax rates will rise. At some point, taxes have to come further into line with spending, and that means the direction they will travel is up. But—and this isn't a fact—they won't rise within the current system. People don't trust the current tax system. It feels opaque and unfair, largely because it is. An increase in revenues will have to come alongside a change in the tax system. And the change in the tax system that most economists prefer and that most other countries use is a value-added tax.

I agree with Mr. Klein that our current tax system is a mess. But while he and other liberals see that as an opportunity to seek larger pots of tax revenue elsewhere, my fellow Republicans and I see it as a call to reform the Tax Code.

And we disagree on the fundamental assumption behind Mr. Klein's arguments. Like most of my friends on the other side, Mr. Klein takes at face value the benefits of future spending. Notice how he uses the phrase ''taxes will have to come further into line with spending.''

His focus is almost entirely on the revenue side, with only a passing reference to the possibility of reducing spending.

A VAT would increase Federal revenues, but it would also effectively be a tax hike on every American, including those who currently pay no income tax. If a VAT were imposed on top of our existing income tax system, it would likely cripple our economy by imposing new costs on virtually every purchase of goods and services in the United States. It would hamper manufacturing and kill entire retail sectors. Worst of all, it would be the most regressive tax ever imposed on the American people, disproportionately impacting families with lower incomes who spend a higher percentage of their wages on necessities.

Simply put, a VAT would be bad policy in a strong economy. But in the midst of a slow economic recovery, it would be tantamount to economic suicide. It would be jet fuel for larger and larger government.

Numerous studies, including a 2010 study by former CBO Director Douglas Holtz-Eakin, have demonstrated that in virtually every instance, the implementation of a VAT in other industrialized countries inexorably led to increased spending and an expansion of government.

Make no mistake, the current administration and my Democrat friends know only one way of engaging in fiscal reform—broaden the base. And every middle-income family in America should know that they will get hit with higher taxes to pay for the Democratic goal of ever-expanding government control over our economy, over our lives, and over your paychecks.

The contention that implementing a VAT would make our government more fiscally responsible is a dog that just won't hunt. The purpose of a VAT would not be to shore up deficits and pay down debts, but to expand the government into new areas backed by an all-new source of funding.

Once again, I am quite certain that virtually all of my Democratic colleagues would publicly deny that their phantom budget includes a VAT. For now, they want us to ignore the VAT behind the curtain and instead listen

as the Great and Powerful Oz proclaims that every government program can be funded and every budget balanced simply by eliminating the so-called tax cuts for the rich.

But the American people are not so easily duped. And they are showing up at Emerald City looking for real leadership and real answers, not just talking points.

That is the real choice facing the American people today. They can choose the fiscal leadership of those such as Chairman RYAN who have put forth actual, real-world proposals to bring about reasonable restraints on entitlement spending and maintain taxation at its historic levels, or they can choose the President's impersonation of fiscal leadership, which is built on a phantom budget and large-scale attacks on anyone, such as Chairman RYAN, who offers a real, verifiable alternative.

But let's be clear. The phantom budget simply cannot translate into reality without collecting taxes that go far beyond those the President and congressional Democrats publicly support. Given the limitations on existing revenue streams, a value-added tax, even with all of its many drawbacks, is one of very few logical alternatives left to the other side. If they do not plan on instituting a VAT, they need to come clean with the American people and let everyone know how they plan to pay for their outsized spending.

Regardless of who wins this election, Congress will have to do more than just click its heels and wish for enough money to pay all our bills. Therefore, I think it is fair to assume that, in lieu of a line item for ruby slippers, the Democrats' phantom budget includes levels and forms of taxation heretofore unseen in the United States. You can be sure that if it is not a VAT, it will be something equally damaging to our economy.

Let me end with one other thought; that is, that we all know, according to the Joint Committee on Taxation, of which I am a member—but it is a nonpartisan committee run by very good economists—the bottom 51 percent of all households—not just people; all households—do not pay a dime of income tax.

We have brought that about out of compassion for them, I have to say, but it means the upper 49 percent are paying for just about everything. Well, my friend Treasury Secretary Geithner pointed out: But, yes, they pay payroll taxes. Well, we all do. That is Social Security. They do not pay a dime of income taxes. I was quick to point out to Mr. Geithner that 23 million of them, approximately, get refundable tax credits from the government that are more than they pay in payroll taxes, so they are really not paying payroll taxes. Almost 16 million of them get refundable tax credits from all of us others out there, from the government itself, which is more than they and their employers pay in payroll taxes.

The fact is, I fail to understand why my friends on the other side are looking for ways to spread the base to an unsuspecting 51 percent who currently do not pay any real income taxes. I think there has to be a better way of spreading the base than doing it through a VAT, which in Europe has proven to be a ready way for politicians to increase spending over and over without really any inhibition or any real inhibition.

So if what I am talking about today is prophetic, it means without question that our friends on the other side want to keep spending. They want the Federal Government to keep growing, all at a cost to individuals, and they want to do it because that is what has kept them in power all of these years, taking all of your money out there and claiming that they are compassionate with your money when they are unwilling to be compassionate enough to keep living within our means.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

PROVIDING FOR A CONDITIONAL ADJOURNMENT OR RECESS OF THE SENATE AND AN ADJOURNMENT OF THE HOUSE OF REPRESENTATIVES

Mr. CARDIN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Con. Res. 56, submitted earlier today.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 56) providing for a conditional adjournment or recess of the Senate and an adjournment of the House of Representatives.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. CARDIN. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to, the motion to reconsider be laid upon the table, with no intervening action or debate, and that any statements related to the matter be printed in the RECORD as if read.

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

The concurrent resolution (S. Con. Res. 56) was agreed to, as follows:

S. CON. RES. 56

(Providing for a conditional adjournment or recess of the Senate and an adjournment of the House of Representatives)

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns on any day from Thursday, August 2, 2012, through Monday, August 6, 2012, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until 12:00 noon on Monday, September 10, 2012, or such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the House adjourns on any legislative day from Thursday, August 2, 2012, through Monday, August 6, 2012, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 2:00 p.m. on Monday, September 10, 2012, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, or their respective designees, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and House, respectively, to reassemble at such place and time as they may designate if, in their opinion, the public interest shall warrant it.

STOCK ACT AMENDMENTS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. 3510, introduced earlier today

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 3510) to prevent harm to the national security or endangering the military officers and civilian employees to whom internet publication of certain information applies, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. CARDIN. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (S. 3510) was ordered to a third reading, read the third time, and passed, as follows:

S. 3510

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EFFECTIVE DATE DELAY.

The STOCK Act (Public Law 112-105) is amended—

(1) in section 8(a)(1), by striking ''August 31, 2012'' and inserting ''September 30, 2012''; and

(2) in section 11(a)(1), by striking ''August 31, 2012'' and inserting ''September 30, 2012''.

SEC. 2. IMPLEMENTATION OF PTR REQUIREMENTS UNDER STOCK ACT.

Effective September 30, 2012, for purposes of implementing subsection (l) of section 103 of the Ethics in Government Act of 1978 (as added by section 6 of the STOCK Act, Public Law 112–105) for reporting individuals whose reports under section 101 of such Act (5 U.S.C. App. 101) are required to be filed with the Clerk of the House of Representatives, section 102(e) of such Act (5 U.S.C. App. 102(e)) shall apply as if the report under such subsection (l) were a report under such section 101 but only with respect to the transaction information required under such subsection (l).

Mr. CARDIN. Mr. President, I ask unanimous consent to speak for up to 10 minutes as in morning business.