In other words, Democrats are counting on a direct deposit from a job they never completed. That doesn't work in the family budget, and it shouldn't work in the Federal budget.

While Congress did enact a few—a few—of the tax gap proposals included in the President's 2008 budget, those amounted to only a tiny fraction of the tax gap, hardly enough to rely upon for offsetting the billions of dollars in the new spending Democrats are proposing. As the ranking member of the Finance Committee reminded the Senate yesterday, the promises didn't come close to matching reality. During the first year of this Democrat majority the enacted tax-gap provisions amounted to two-tenths of 1 percent of the tax gap.

Two-tenths of 1 percent; that is 99.8 percent short of the promised revenue. That is hundreds of billions of dollars short of the revenue they projected to pay for their new Washington spending.

That is not even close, not even in the same ballpark.

There are serious disagreements between the parties on taxes. The other side supports higher rates. We want to keep tax rates low. But we should all agree that people have a responsibility to pay what they lawfully owe.

Over and over again the Democrat majority has failed to enact any sort of serious and substantial strategy for closing the tax gap. And as a result, their numbers simply don't add up. Faulty numbers don't pay the bills, and funds that aren't collected won't shrink the deficit.

So if the budget written by our friends across the aisle is going to rely on these funds to balance the budget, we need to think again, or the family budget is going to shrink to make up for the red ink in Washington's budget.

I yield the floor.

The ACTING PRESIDENT pro tempore. The majority leader.

THE BUDGET

Mr. REID. Mr. President, the Democratic budget is about three things: jobs, jobs, jobs. It is about green-collar jobs, jobs rebuilding America, jobs relating to education and job training.

The one thing my friends on the other side of the aisle never talk about is where we are now. They want more of the same. We don't want more of the same. We have had enough. The American people have had enough. The economy is in a downturn, spiraling down. The housing market is in a state of tremendous distress. The stock market is dropping as we speak. Oil is now at $109 a barrel.

Everything you hear from the Republicans is a buzzword for status quo—keep things the way they are; the way things are is just fine; let's just let things work out.

We don't believe in that. We have a recipe for change. Is it something that has never been done before? No. Look at the Clinton years, where we were taking in X number of dollars. If we brought in $10, we only spent 8 of those dollars. That is the way it was during the Clinton years. We paid down the national debt.

The budget we have, led by Senator CONRAD, who has been chairman of the Budget Committee for many years, is a program that creates jobs, jobs, and jobs. That is what is important to the American people.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business for up to 1 hour, with Senators permitted to speak for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half and the majority controlling the final half.

The Senator from New Hampshire.

BUDGET ISSUES

Mr. GREGG. Mr. President, I rise to speak about the budget.

First, I express my respect for the people who have worked on this budget, my staff especially but also the Democratic staff, and the chairman of the Budget Committee, Senator CONRAD.

We are, however, in an extraordinarily difficult time as a nation. We confront major issues. We confront international issues involving the threat of Islamic terrorism. We confront domestic issues of even more or equal significance—not equal significance; nothing is more significant than the threat of a terrorist attack with some sort of weapons of mass destruction, but we confront huge domestic issues such as the projected bankruptcy of the Nation. That is a pretty big issue, that is an undeniable fact that is going to occur unless we take some action because of the fact that the baby boom generation is beginning to retire, and the cost they will put on the Federal Government and, therefore, on our children who support them through taxes is going to be extraordinary. We also confront the extremely difficult issue of energy policy and the cost of gasoline. A barrel of gasoline went over $107. It is not projected to come down. The effect on the economy is devastating. We confront the fact that we have a Federal Government which is spending and continues to spend significantly more than it is taking in and, as a result, is spending the Social Security surplus and is significantly adding to the debt of the Nation.

One would hope that in light of these very large issues—the threat of terrorism, the issue of the retirement of the baby boom generation and the fiscal devastation that is going to bring to our children's ability to have an affordable lifestyle, the issue of the cost of energy, the issue of the size of the Federal Government and its growth at a pace which it cannot sustain, the tax on the American people, which gasoline now represents, which is undermining the economy, and the general tax policy of the proposed budget which will undermine it even further—that the Democratic leadership of Congress would have come forward with a budget that showed some imagination, some creativity, some initiative in the area of addressing some of these crucial problems.

Regrettably, what we got was the same old-same old—a budget filled with taxes; a budget filled with spending on this special interest program and that special interest program, a budget which underfunds the national defense, a budget which dramatically increases taxes on working Americans, a budget which dramatically increases the debt of the Federal Government and therefore the debt passed on to our children, a budget which raids the Social Security trust fund, a budget which has no creativity in the area of trying to address entitlement reform, a budget which uses gimmick after gimmick after gimmick and even gimmicks its own gimmicks in the area of pay-go, in the area of discipline, in the area of revenues. To say the least, it should be an embarrassment because it is such a mediocre presentation. It passes the problems on to the next generation. It doesn't confront them. It doesn't even try to confront them and simply aggravates those problems for the next generation.

That is unfortunate because we are running out of time here. We are the generation of leadership, the baby boom generation. We have some obligation to fix the problems we are going to pass on to our children. I believe we have a significant obligation to do that. But this budget doesn't accomplish anything in that area. This budget has one thought in mind. It is not jobs, jobs, jobs, as the majority leader said; it is reelect, reelect, reelect—win the next election rather than trying to solve the problems which we are passing on to the next generation.

The horizon of this budget is somewhere this July, this August, as we move into the full-scale election cycle, when they can go to this interest group and say, we have given you this money, and this interest group and say, we have given you this money, and then deny that they are taxing people because the taxes for those costs won't hit people until after the election and deny that they are fudging the numbers through using gimmicks because those events won't occur until after the election.

It is truly a budget that fails on all counts to take on what is the real issues facing our Nation—how we fight

terrorism, how we support our troops in the field, how we deal with this looming, massive, unfunded liability of the retirement of the baby boom generation which will put unsustainable costs on our children and make their lives essentially less viable in the way of affluence than ours has been, a budget that dramatically increases taxes on working Americans in the name of raising taxes on high-income Americans, a budget that dramatically grows the debt and raids Social Security funds.

This list, as shown here, is what it does. I think I pretty much outlined it. It raises taxes by $1.2 trillion. It dramatically increases spending. I will get into that a little bit. It dramatically grows the debt. It gimmicks its own enforcement mechanisms—pay-go and all the other enforcement mechanisms it allegedly has in place. Then it does nothing to address the $66 trillion unfunded liability, which is such a huge number nobody can understand it. So to try to put it in context, it means, I think, that every American today has a $120,000 debt. This budget adds $24,000 to that debt. This budget does nothing to try to improve that situation.

The chairman of the committee said:

We need to be tough on spending.

The number of spending cuts in the Democratic budget: zero. The number of spending increases: $22 billion over this baseline this year stated on the discretionary side. On the entitlement side: $466 billion—increases in spending. They allege it is $18 billion, but they play another one of their games, another one of their budget games. They take $4 billion in what is known as advanced appropriations—that means they take it out of next year and spend it this year—$4 billion additional doing that.

It has been done in the past. I have opposed it in the past. But this time they plus up the number a little bit so their numbers can work so they can say to their different constituencies: We are going to spend money on you. You can have this money. We got it for you. We are going to borrow it from next year's budget—$4 billion.

Mr. President, $22 billion in new spending. That is a pretty big number: $22 billion. That would literally run the State of New Hampshire for 3 or 4 years. But that is not the whole number because you have to put it in a 5-year context. It is actually over $200 billion of new discretionary spending because once you spend that $22 billion this year, it does not come out of the budget next year, it goes into what is known as the baseline. It becomes the floor, and we build on that.

Last year, they wanted to spend $22 billion more too, so over 2 years they have bumped things up—or tried to bump things up—$44 billion. Plus last year they put in a supplemental for another $21 billion. I know these numbers are starting to be thrown around like crazy here, but the simple fact here is, it is big money—big money—being spent on constituencies that vote for them.

The chairman of the Budget Committee said: I am prepared to get savings out of long-term entitlement programs. How many savings are there out of long-term entitlement programs in this budget? Zero net savings; zero. While the deficit in the long-term accounts goes up dramatically—$66 trillion is owed to those accounts we cannot pay for—this budget adds $466 billion into those accounts. It is a staggering amount of money. There is no attempt to adjust that at all.

Now, it is interesting, we will hear from our colleagues on the other side of the aisle—let me go to this one first, and then I will get into that. The national debt goes up over $2 trillion under this budget. Mr. President, $2 trillion is added to the national debt. My colleagues on the other side: ''I really believe increasing the debt is the threat.'' That is one of Senator CONRAD's great phrases: The debt is the threat. I agree with him. The problem is, he is aggravating the threat with this budget. Now, he does not have too much choice because he is spending so much money we don't have that he is aggravating the debt.

And now, the famous wall of debt chart. It goes up, and goes up dramatically, under this budget. We will hear from the other side of the aisle: But the President's budget does the same thing, or it is even worse. That is a canard. That is a straw dog. The President does not sign the budget. The President is not part of the budget process other than he has an obligation to send a budget up here for the purposes of our review, which is, depending on the President, uniformly rejected by the party in power.

He sends up the budget. He announces what his priorities are. But, uniquely, the budget instrument—and this is an important point—is a child of the Congress. It is a child of the Congress. Congress produces the budget. The Senate produces a budget. The House produces a budget. It goes to conference committee. It comes back to the Senate and comes back to the House. But do you know what it does not do, as with most laws? It does not go to the President to be signed. He cannot veto a budget. He cannot sign a budget. He simply gets a budget in the form the Congress wants. It is a resolution. It is not a bill.

Why is that? Because the Founding Fathers, in their wisdom, and the people who put together the Budget Act—some of whom are still here, Senator BYRD and Senator DOMENICI being two of the key players in that in 1976, I think—knew the power of the purse, which is what the budget is all about, lies with the Congress. The Congress has the first and primary responsibility on the budget.

So when you throw out: Well, but the President did this and the President did that, you are trying to hide in the weeds. Congress has the responsibility for the budget. It is the Congress which passes the resolution that creates the budget, and the President does not sign it at all. So it is the Congress you should turn to and say: You are the responsible party here. Are you being responsible? That is the issue: Are you being responsible as a Congress? This Congress is not being responsible because the big issues we face as a nation are either being finessed, gamed, ignored, or aggravated under this budget.

As I said before, this budget adds $27,000—$27,000—to the debt that each child born today has to pay. So if you are having a child or you just had a child—I just had a niece this year. She is a wonderful little girl. She came into the world. She got a $27,000 bill from the Democratic leadership of this Congress—a pretty stiff bill to stick her with, a pretty stiff bill to stick any American with who is just getting started. It is not fair at all.

Let's get into some specifics about this budget.

First is the allegation that there is some sort of disciplining mechanisms around here. I take this on first because it is such a fraud that it has to be taken on first. I have heard more Senators on the other side of the aisle saying: We are going to use pay-go to discipline the budget, darn it. When we use pay-go, we limit spending around here.

''Pay-go'' is a motherhood term, regrettably. It is a title that has been put on supposedly a procedure which requires you to pay for new spending and to pay when you cut taxes. Well, time and time again, our colleagues on the other side of the aisle, when they were confronted with a choice of actually having to use pay-go—which would have caused them to have to cut spending somewhere in order to increase spending somewhere else—gamed the system. They moved a year here or a year there so they would not be subject to pay-go.

They cut programs from reasonable funding levels such as SCHIP by 85 percent in 1 year, so they would not be confronted—knowing it was never going to happen—so they would not be confronted with pay-go enforcement mechanisms. They took the MILC Program and put it in a supplemental bill so they could build it into the base and not be subject to pay-go.

Time after time after time—15 different times—they gamed pay-go to the tune of $143 billion. I call it ''Swiss cheese-go.'' I think that is a much more truth-in-labeling act. There is no reason we should ever call this thing pay-go again. Let's just call it ''Swiss cheese-go'' because that is what it is. Whenever it is inconvenient for the Democratic leadership to have to subject themselves to their own discipline rules, they waive them, game them, or ignore them.

The first obligation of a national government is national defense. The most important thing about national defense is to make sure your soldiers

who are in the field have the resources they need to do the job we have asked them to do. Whether you agree with what they are doing, you should never send a soldier into the field and not support that soldier with everything he or she needs.

I understand there is a huge debate, especially on the other side of the aisle, as to whether we should cut the legs out from underneath our troops in Iraq. We all understand that. We voted on it here 43 times in this Congress. But there should be no question that those soldiers need the support as long as they are in the field. It is totally inappropriate and a total abrogation of responsibility of the Congress not to support those soldiers in the field.

Now, in this exercise, the White House does not come with clean hands. I was fairly aggressive in complaining about their decision to send up a request for only $70 billion—which is a lot of money, but that is nowhere near what it is going to cost to keep our soldiers in the field over the next year. To their credit, at least, the people at the Pentagon—Secretary Gates, when confronted with that number, said: No, that is wrong. Even though OMB may have sent it up here in the President's presentation, it is wrong. We are going to need something like $150 billion to $170 billion, somewhere between $80 billion and $100 billion more than they have in the budget.

The chairman of the Budget Committee agreed. He said:

> And we know, I think with great certainty, $70 billion is not the right answer for 2009, zero is not the right answer for 2010.

Those are the two numbers the White House had. And Secretary Gates said: No, it is not the right answer, when he was asked. He said: It has to be a higher number.

So the documentation is pretty clear, even if the White House did not send up the right number, by the time we acted—and remember, once again, it is the Congress that does the budget, not the White House—by the time we acted, we should have put a number in here that adequately reflects what our soldiers are going to need to remain safe.

Now, even if you oppose this war vehemently, as some do on the other side of the aisle—to the point where they are willing to take soldiers out next week, which you cannot physically do; we all know it will take 6 months to a year to get the soldiers out of there—with this number, you cannot get the soldiers back with $70 billion, literally. This number does not allow you to get the soldiers back.

What happens with this number is you are going to have our soldiers in the field without ammunition, without resupply, without the facilities they need, and without the equipment they need. This number assumes we are going to leave our soldiers in the field unprotected—unprotected. It is an inexcusable, irresponsible number to put in the budget simply to make your budget look better. This number should have been at least $70 billion to $100 billion higher to have an accurate budget.

Then the budget moves on. We have heard more about how there are uncollected taxes, and if we collect the uncollected taxes, we will solve all our problems. I call it the ''Wizard of Oz'' approach to budgeting. There is somebody behind a curtain somewhere who owes us a lot of money. We are going to find that person. We are going to get the money. That is going to take care of everything. We will all be happy.

Last year, they suggested we do this to the tune of $300 billion. Last year, they were given the benefit of the doubt. They had never done a budget before, so you have to give them some benefit of the doubt. OK. Let's see how much they got. The chairman of the committee again:

> If we just collect 15 percent of the [tax gap]—

That is what is referred to—

> that would be over $300 billion. That alone would come close to meeting the revenues needed under our budget resolution.

That was last year. Do you remember how much they collected last year from the tax gap? Zero. In fact, they cut in their budget the collection capabilities of the IRS. Not only was the IRS not able to go out and collect more money that was owed, they were having trouble collecting what they did get which was owed because their collection process has been cut.

So you would think after such a pathetic performance they would presume not to do this again. It would take incredible—I don't know—verve to claim one more time that you are going to generate these types of revenues. But they do. They do: $300 billion. They are going to get it from out there in the virtual land of tax policy. What they got was zero—zero.

This budget at its essence is a massive tax increase. That is essentially what it is. It is a massive tax increase, the purpose of which is to expand the size of the Federal Government—grow the Federal Government—and, in my humble opinion, as a result, make it much more difficult for us as a government to produce a positive and strong economy and to give people an opportunity to live lives that are as affluent and, hopefully, as successful as prior generations.

The amount of tax increase in the bill is $1.2 trillion—the largest tax increase in history: $1.2 trillion. Under the assumptions of this budget, every tax goes up to rates which were fairly high and which the Congress agreed were too high back in the early 2000s. The marriage penalty goes up. The child tax credit goes up. Rates go up. Capital gains go up. Dividends go up. The estate tax goes up. They are all assumed to go up. AMT is assumed to be continued for every year but this year.

We have a new chart called the ''Wall of Taxes'' because that is what this budget does. It generates a wall of tax increases, climbing every year as a percentage of GDP. It is important to know it has historically been the case that we have presumed the Federal Government would take something akin to 18.2 percent of Gross National Product in tax revenues. That has been the case since the end of World War II. This budget blows through that number. But equally important, it should be noted that in blowing through that number and adding $1.2 trillion in new taxes, it doesn't address the outyear issues which are going to cause taxes to go up even higher. The failure to do anything on entitlement reform and then use up all the revenues to fund this group and that group that you happen to be happy about giving money to for the next election puts you in an even worse position when, hopefully, the Congress gets around someday to addressing the biggest fiscal policy issue, which is entitlement reform.

In addition, it needs to be noted this tax increase of $1.2 trillion is the beginning. It is the beginning of the Democratic proposals. Because if we listen to their two national candidates for President, in the case of one, they have already offered and put in place over $300 billion—$300 billion of new programs in 1 year. That adds up to something like $1.2 trillion of additional programs over 5 years. That is on top of this number.

Now, when Senator OBAMA makes that representation: I am going to add $300 billion of new programs every year, the practical effect is he has to pay for it somehow. His claim is he is going to pay for it by taxing the rich. He is going to tax the rich and pay for his—he actually, ironically, has the same number here: $1.2 trillion of additional spending over that 5-year period. Well, if you tax the rich, which would mean you raise the top bracket from 35 percent to 39.6 percent, which was the bracket under President Clinton, you generate how much income to the Federal Government? Twenty-five billion dollars. Multiply that by 5 years, which is what this number is—the $1.2 trillion Senator OBAMA has suggested we spend in new programs—and you have $225 billion. So he is about $1 trillion short in order to pay for what he is suggesting in new programs.

But there is another irony. This tax number already assumes that $225 billion. This tax number assumes the rates have been increased to 39.6 percent for the top income brackets, with the practical effect of that being it has already been spent. This budget already spends the money and the tax revenues candidate Senator OBAMA has suggested he is going to spend on his new programs. So he doesn't have any money available to him.

So now we have a Democratic budget which increases taxes by $1.2 trillion, increases spending dramatically, as I have gone through already, and then you have layered on top of that a national candidate—two national candidates, because Senator CLINTON is

not far behind Senator OBAMA in suggesting new programs—who is going to add another $1.2 trillion on top. The numbers become staggering. But what does it all translate into? Huge tax increases on working Americans—huge, absolutely staggering.

To try to put this in context, without the Obama tax increases or the Clinton tax increases, 27 million small businesses in this country, under the Democratic budget, will see their taxes go up $4,100 each per year. Now, you can double that if Senator OBAMA were to put in all his programs. Eighteen million seniors will see their taxes jump $2,200 each because of this budget—$2,200 each. That is a lot of money.

Let's try to put that in context. That basically buys groceries for most Americans for, I think it is half a year. It certainly buys a fair amount of gas, although not as much as we would like because the price of gas is so outrageous. It certainly helps with a mortgage payment or maybe a child going to school or helping a grandchild go to school in the case of a senior. But serious money: $2,200. That is what this budget in new taxes is going to cost average seniors in this country.

Something else should be pointed out. This budget assumes the capital gains and dividend rates are going to go up, and the primary benefit of capital gains and dividend rates flows through senior citizens. As a percentage, seniors take more advantage of dividend rates and more advantage of capital gains than any other demographic group. So it is directly targeted on the tax increase.

All of this works out to—for the average American family, there is a $2,300 tax increase in this bill, and that doesn't include how much it would be increased if you were to put the Obama or Clinton programmatic initiatives on top of that. It would almost double this number. The appetite to raise taxes on the other side of the aisle is unquenchable. It is huge. Let's put it that way. It is unstoppable, it appears. When this budget passes, John Q. Public is going to have to write Uncle Sam a check for $2,300. That is a pretty expensive experience for the American people.

What do they get for it? What do they get for it? Let's come back to what they get for it. Not a lot. Do they get the troops properly supported when they are fighting for us overseas? No. No, they are $100 billion short on that. Do they get entitlement reform that helps us down the road with the pressure that is going to be put on our children by the cost of the expansion of the entitlement programs due to the retirement of the baby boom generation? No. No, they don't get that. Do they get health care reform? No. There is no health care reform in here. Do they get tax reform? No. There is no tax reform in here. Do they get programmatic initiatives which make sense and which are presented in a coherent and orderly manner? Are there programs eliminated that have maybe been around too long in exchange for adding programs? We have study after study that tells us about programs we can eliminate. No, not one program is eliminated in this budget—just an expansion. Just add to the base; bump it up another $200 billion over the next 5 years and pass that bill on to our children.

Passing the problem on, that is what this budget is. Courageous? Creative? Imaginative? Addressing the core issues which we confront as a nation and which do threaten us, whether it is terrorism, the cost of energy, the cost of the Government, the retirement of the baby boom generation? These issues are not going away, but you wouldn't know they even existed if you looked at this budget. It is a regrettable missed opportunity in a very difficult time. It is unfortunate that all it has become is your classic liberal tax-and-spend initiative.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I wish to welcome back the ranking member of the Budget Committee. I have listened with great interest to his presentation this morning, a highly imaginative presentation. It is highly imaginative. The presentation he has made that purportedly is about the budget we have offered has virtually nothing to do with the budget that is before us. It is largely a concoction, although I must say when he talks about creativity, I give him high marks for creativity because this is complete make-believe, what we have heard from the other side, in terms of a description of what is on this floor.

Maybe a good place to start is to look at what the Senator said last year about our budget because it is almost identical to what he has said about this year's budget. He said last year we were going to have $1 trillion of tax increases if our budget passed. Well, our budget passed, and now we can go check the record. We don't have to have a bunch of projections or suggestions about what might happen; we can now look back and see what actually did happen. Last year, the Senator from New Hampshire, the ranking member of the Budget Committee—by the way, for whom I have high regard. We work together very closely. We have substantive differences, as will become more clear as these days wear on, but I have high regard for the Senator from New Hampshire.

But let's check the record. Did we increase taxes, as he asserted would happen last year, by $1 trillion? No. Did we increase taxes at all? No. Did we cut taxes? Yes. How much did the Democratic Congress cut taxes? Well, here it is. It is not a projection. This is not make-believe. This is a fact. The Democratic Congress has cut taxes $194 billion, with $7 billion of revenue raisers. So that is the factual record with respect to tax cuts. The Democratic Congress cut taxes by $194 billion, most of this in the stimulus package passed to give lift to the economy.

Now, the Senator talks about where we are headed under this budget, but perhaps the best way to anticipate where we are headed is to look back and see where we have come from. When they controlled everything—they controlled the House, they controlled the White House, they controlled the Senate—here is their record. Here is what they did. They started with budget surpluses, and they ran up record deficits. You can see this is the record of the Bush administration: $413 billion was the biggest deficit in the history of the United States. In fact, they have five of the biggest deficits in the history of the United States. That is their record. Revenue was flat. They increased spending about 50 percent, and the result was they have exploded the debt of the United States. Again, this is not a projection. This is not a forecast. This is their record.

Our friends controlled it all. They controlled the White House, they controlled the Senate of the United States, they controlled the House. Here is what happened to the debt. They have built a wall of debt that is unprecedented. They took us from a debt at the end of the President's first year of $5.8 trillion. They have run it up to over $9 billion last year, and by the end of 2009, which will be the 8 years this President is responsible for, they will almost have doubled the debt of the country in 8 years. It is a stunning record, and I don't mean stunning in a good way.

Now, the Senator from New Hampshire says we have this massive increase in spending. Well, not in this budget. That is not the case. Here is a chart that shows the President's spending, which is the red line. The green line is the spending under this resolution. This is over the 5 years of this budget. You will see that they are very close to each other. In fact, the difference in spending over the 5 years between our budget and the President's budget is 2.1 percent. We have 2.1 percent more spending than the President's budget. Why? Because we have restored cuts he made in things such as the COPS Program that has put 100,000 police officers on the street. The President's budget eliminates the COPS Program. The President's budget eliminates the weatherization program in this country, a program to go back and weatherize homes so they are more energy efficient. He says: No, we don't want to do that anymore. The President's budget cuts the grants to first responders, our emergency medical personnel, our ambulance crews, and other first responders, including our firefighters, and cuts those by 78 percent. We didn't think that was a good idea.

So, yes, we do spend some more. We also spend more to reduce our dependence on foreign energy because we think that is a smart investment. We do spend some more on education because we think that is critical for the

future strength of the country. And we do spend some more money on infrastructure because we don't want any more bridges collapsing, as we saw happen in Minnesota, where the bridge over 35W collapsed with people on it.

So, yes, we spend 2 percent more over the 5 years. For this year, the total spending in the President's budget is $3.04 trillion, and in our budget it is $3.08 trillion. That is a difference of 1 percent.

All this great spending the Senator just described—the problem is the facts. The thing that gets in the way of his recitation is the facts. The facts are that we spend 1 percent more than the President in 2009.

The Senator also said we have not been responsible with the troops. Let me just indicate that if we have not been responsible, then the President hasn't been responsible either because we have the identical amount in our budget for defense and the war as the President had in his budget—identical, not a dime of difference. So if we have been irresponsible, then the Senator is saying the President has been irresponsible because we match him dollar for dollar.

The Senator said something that is quite jarring. Do you remember what he said about the President's role in the budget? He said the President doesn't have anything to do with the budget. Really? The President of the United States has nothing to do with the budget of the United States? I don't think so. The President sends us a budget. If you look at the historic record, what you find is that Congress gives the President, in the budget, very close to what he asks for. That is the record going back 40 or 50 years.

Now, he added to that by saying the President cannot veto or sign a budget. That is true. The way the process works is the President sends us his budget, and then a budget is developed by Congress that does not go to the President for his signature or his veto; that is true. But to suggest that the President really doesn't have anything to do with the budget, that is not true.

The President sends us his budget blueprint, and then he has the power of the veto to enforce all of the provisions that flow from a budget. He can veto any appropriations bill; those are the bills that spend money. He can veto any revenue bill; those are the bills that raise money. So to suggest the President doesn't have anything to do with the budget is really misleading to people. I think if you just think of it in a commonsense way, of course the President of the United States would have a lot to do with the budget policy of the country. He should have, and he does have. It is true he does not sign the budget resolution. He cannot veto it. But he does have the capability to enforce its spending and its revenue because he has the power of the veto.

Let's look at the question of revenues. Again, our colleague said we are going to raise taxes a trillion dollars. That is exactly what he said last year: Democrats are here to raise your taxes a trillion dollars. I think he just likes that number. It doesn't matter what budget we present; he says a trillion dollars. I have already shown that what Democrats have done once we have controlled the House and Senate was actually reduce taxes by $194 billion. That is our record so far. That is a fact. There is additional revenue in our proposal over the 5 years. You can see the difference. On this chart, our revenue line is the green one, and the President's is the red line. You can see they are very close. If you look at the numbers, over the 5 years of this budget, the President has $15.2 trillion in revenue; that is the proposal he sent to us. We have $15.6 trillion in revenue. That is a difference of 2.6 percent.

I don't know where the Senator comes up with this trillion dollars because that is not our proposal. Our proposal—when the Baucus amendment is adopted—is to raise $15.6 trillion, in comparison to the President's $15.2 trillion, which is a difference of 2.6 percent.

Now, the other day the Senator put up a sign that said—he quoted me in a ''60 Minutes'' interview saying that the first thing we need is more revenue. That is true, I did say that. They didn't include the whole quote. Here is the whole quote from the transcript. Steve Kroft is talking to me, and he is asking me about the head of the General Accounting Office, who is warning the country that we are on an unsustainable course because of the long-term commitments that have been made. He says:

> What do you think about David Walker and what he's doing?

I said:

> I think David Walker is providing an enormous public service.

Mr. Kroft asked:

> Do you agree with his figures and his projections?

I said:

> I do. You know, I mean, we could always question the precise nature of this projection or that projection, but that misses the point . . . The larger story that he is telling is exactly correct.

Mr. Kroft:

> Are most people in Washington aware of how bad it is?

I said:

> Yes, they know in large measure here, Republicans and Democrats, that we are on a course that doesn't add up.

This is one place Senator GREGG and I are in complete agreement—that we are on an unsustainable course.

Mr. Kroft asked:

> Why doesn't somebody do something about it?

My answer:

> Because it's always easier not to, because it's always easier to defer, to kick the can down the road. . . .

Mr. Kroft asked:

> Do you think taxes ought to be raised?

My response:

> I believe, first of all, we need more revenue.

But then the Senator didn't include the next sentence:

> We need to be tough on spending. And we need to reform the entitlement programs. We need to do all of it.

That was my answer. I believe it is the truth.

Not only have I said that, but Senator GREGG has said we need more revenue. Senator GREGG himself said:

> We also know revenues are going to have to go up, if you are going to maintain a stable economy and a productive economy, because of the simple fact that you are going to have this huge generation that has to be paid for.

He is talking about the baby boom generation.

So if we are going to be honest with the American people, we do need to be tough on spending, we do need to have more revenue. I have said repeatedly that before we ask for a tax increase from anyone, we ought to go after the tax gap, the difference between what is owed and what is paid. The Internal Revenue Service says that back in 2001 that gap was over $300 billion in a year. I think it is unfair to the vast majority of us who pay what we owe to allow others to escape.

But it doesn't end there. We also have offshore tax havens. Our Permanent Subcommittee on Investigations has indicated that we are losing $100 billion a year to those offshore tax havens. We have had an additional report in the last 2 weeks of more of these tax havens proliferating. If you go on the Internet and put in ''offshore tax havens,'' you will get a million hits because there are a lot of con jobs going on. We ought to shut them down before we ask for a tax increase from anyone.

In addition, there are these abusive tax shelters, where some companies are actually buying European sewer systems and writing them off on their books in the United States to lower their taxes and then leasing the sewer systems back to the European cities that built them.

Mr. President, the Senator also went after the pay-go rule. He calls it ''Swiss cheese-go,'' which is humorous, and I always appreciate the humor. But let's give both sides of the story.

The pay-go rule says that if you are going to have new mandatory spending or tax cuts, they must be offset or must get a supermajority vote. This is a means of disciplining the budget process that has worked well in the past. We have instituted it.

When Senator GREGG was in charge of the Budget Committee, he said this about pay-go when he supported it:

> The second budget discipline, which is paygo, essentially says if you are going to add a new entitlement program, or you are going to cut taxes during a period, especially a period of deficits, you must offset that event so it becomes a budget-neutral event that also lapses. If we do not do this, if we do not put back in place caps and paygo mechanisms, we will have no budget discipline in this Congress and, as a result, we will dramatically aggravate the deficit, which will

impact a lot of important issues, but especially Social Security.

He had it right when he was an advocate for pay-go.

We had a strong pay-go rule from 1991 to 2000. We climbed out of the deficit ditch. We produced surpluses. And then our friends came into power, and in 2000 they dramatically weakened pay-go, and look what happened. We went right back to an ocean of red ink. We have now put pay-go back into effect, since the 2004 elections. Let's look at the record. The number of times pay-go was raised was 13. The number of times pay-go was waived was zero. Pay-go was raised 13 times and waived zero.

Pay-go is working. Excluding the AMT legislation that passed last year, the Senate pay-go scorecard has a positive balance of $1.3 billion over 11 years. Every bill sent to the President—other than AMT and the stimulus package just passed—has been paid for or more than paid for. Pay-go also has significantly produced a deterrent effect. Anybody who doubts that should sit in my seat for 1 week and see the number of times colleagues decide not to offer spending proposals because of the pay-go rule.

On the other side, they have said that there is $143 billion that they claim pay-go has been violated. Let's look at each one of their claims. And I only have 2 minutes left before Senator STABENOW will be taking over.

Immigration reform. They claim there is a $30 billion loophole. In fact, zero. The immigration reform bill never passed the Senate. Remember, the test is what goes to the President of the United States. The bill never went to the President of the United States.

The energy bill—the final bill that was sent to the President—was more than paid for. They claim a $4.2 billion shortfall. In fact, it was more than paid for and had a surplus of $52 million.

Mental health parity. That bill hasn't yet gone to the President. They are claiming a $2.8 billion shortfall. That bill hasn't gone to the President; it is still in conference. The promise has been made by the conferees that it will comply with pay-go.

The prescription drug user fee amendments. The final bill sent to the President was more than paid for. They are claiming a $200 million shortfall. In fact, it was $4 million to the good.

The minimum wage increase was fully paid for on a unified basis. They claim a $50 million shortfall. In fact, it was zero.

The Water Resources Development Act. The final bill sent to the President was more than paid for. It passed the Senate on a vote of 81 to 12.

Other items they have mentioned. The children's health insurance reauthorization was more than paid for over 6 and 11 years. They claim a $45 billion shortfall. In fact, it is a savings of $207 million.

The farm bill—more than paid for over 6 and 11 years. By the way, that has not yet gone to the President. They are claiming a $27 million shortfall. In fact, there are savings.

Higher education reconciliation—more than paid for over 6 and 11 years. They show a $26 billion shortfall. In fact, the savings will continue to grow in decades beyond the budget window, and over 6 and 11 years that bill is completely paid for.

The 2007 supplemental, county payments, payment in lieu of taxes, and MILC. They claim a $6.5 billion shortfall.

The pay-go rule applies to mandatory spending and revenues, not to appropriated accounts. Discretionary is controlled by separate caps.

The 2008 budget resolution established a new 60-vote point of order to limit changes in mandatory spending on appropriations bills and to strengthen pay-go even further.

They call pay-go ''Swiss cheese-go.'' Their pay-go was ''easy cheese''—''easy cheese'' because what they allowed under their pay-go was for the debt to explode. No forecast, no projection, just the facts, just the record. They have increased the debt from $5.8 trillion to over $9 trillion today, and under the President's proposal, it is going to go to over $10 trillion. That is the record.

We have now reached the 11 o'clock hour. Senator STABENOW is going to take the chair, and there are other Senators awaiting recognition. We have a meeting to try to determine where we go with the rest of the day. But I hope we have a good, substantive debate. I look forward to it.

I thank the Chair and yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, what is the pending business?

Ms. STABENOW. Mr. President, if I may, since we are on the resolution, I yield time——

The ACTING PRESIDENT pro tempore. There is 7½ minutes remaining in morning business.

The Senator from Montana.

TANKER PROCUREMENT

Mr. BAUCUS. Mr. President, Americans have important expectations for their public servants. They expect us to act for the common good. They expect us to advance our common values. But first and foremost, they expect us to have common sense.

Last week's Department of Defense tanker procurement decision raises serious questions of common sense.

As some of my colleagues have already discussed, the Defense Department last week awarded a $40 billion contract for a new generation of Air Force tanker aircraft to the European Aeronautic Defense and Space Company, or EADS, the parent company of Airbus.

Receiving this major contract is an enormous victory for the European company. It is a victory for thousands of French, German, and Spanish Airbus workers this contract will employ. It is also a victory for U.S. contractors who will work on the project. Yet I have serious questions about whether this is a victory for good American policy or American common sense.

My concern for this deal is not over the Defense Department's procurements. I leave that to my colleagues on the Appropriations Committee. I do not question the merits of one tanker plane over another. I leave that to my colleagues on the Armed Services Committee. But I certainly am concerned and have serious questions about this deal from the perspective of international trade. This responsibility falls to me as chairman of the Senate Finance Committee.

The United States values competition and acknowledges the right of foreign companies, such as EADS's subsidiary Airbus, to pursue American markets and customers. American consumers, including the Federal Government, should have the right to buy the product that best suits their needs. That is only fair.

But Airbus is not just another company competing in open markets on the merits of its products. It is not just a commercial venture. Rather, Airbus is the product of four decades of explicit government-industrial policies to create a European aircraft industry, an industry designed not just to compete with American companies but to defeat them with massive government funding. Don't take my word for it. Former French Prime Minister Lionel Jospin himself publicly pledged:

> We will give Airbus the means to win the battle against Boeing.

True to Mr. Jospin's promise, decade after decade, project after project, European governments have injected massive amounts of subsidies into Airbus, including $15 billion in launch aid.

These subsidies underwrote between 60 percent and 100 percent of Airbus's commercial aircraft development costs, including the A330 aircraft on which this tanker aircraft is based.

These subsidies allowed Airbus to develop aircraft under terms unavailable to unsubsidized market participants or, as a former British Trade and Industry Secretary boasted:

> We are not standing to one side and leaving everything to the market. . . .

In fact, European subsidization of Airbus was so extreme and so anticompetitive that 3 years ago, the U.S. Trade Representative initiated a dispute settlement case in the World Trade Organization. The USTR does not file these cases frivolously. They do so when the damage is real, the case solid, and all other means of resolution have failed.

This case is still ongoing. A WTO panel is currently weighing the facts of the case, the effects of these subsidies on our aerospace industry, and the compatibility of these subsidies with international trade laws.

What defies common sense to me is that one arm of the administration,