

remaining half is the rest of our non-defense discretionary spending; basically the rest of everything in Government more than our entitlement programs, interest on the national debt, and defense spending.

The problem, the most significant problem we face in our budget today, is the fact that the two-thirds portion I talk about, the entitlements and the interest on the national debt, are out of control. I often say they are on auto pilot, this spending in that two-thirds of our budget. That is growing at a rate that has often doubled, sometimes more than doubled, even tripled or quadrupled the rate of the growth of our economy.

It grows without a vote in Congress. Previous Congresses have passed legislation, and previous Presidents have signed the legislation into law that has established our entitlement programs.

Entitlement programs grow regardless of what we do in Congress. We could never vote again here in Congress and this spending would continue at rates that have nothing to do with the health or strength of the economy and which, as I have said, far outpaces our economy. What does the budget before us propose to do about this? Nothing. Yet again we have no opportunity proposed in the budget that we will be battling over to try to address this incredible fiscal problem our Nation faces.

What does the budget do instead? It increases spending dramatically in the discretionary part of the budget as well as allowing the entitlement section of the budget to rage uncontrolled. We are looking in this budget at a \$350 billion deficit, and that doesn't count war spending except for a small portion. It doesn't take into account the fact that we just passed a stimulus package that put another \$150 billion of debt on the backs of our children and grandchildren without paying for it under the pay-go rules we are required to live by in Congress—in other words, \$150 billion of new spending with no offsets against any other spending immediately put on the backs of our children and grandchildren in the form of national debt which they will pay back at a much higher rate as interest compounds on it over the years.

What does this budget do in order to try to deal with this increased rush for spending? It raises taxes. It raises taxes over \$700 billion in the next 5 years. How does that happen? By the way, this tax increase America will face under the assumptions of this budget will occur with no vote in Congress. How does that happen? To explain that, I need to explain how the budget works.

As most people in America are becoming aware, there is a filibuster in the Senate that requires, on major policies where there is disagreement, essentially that in order to move forward, 60 votes are needed to get past the filibuster, to get cloture. Because of that 60-vote requirement on filibusters, it is difficult to either increase

taxes or cut taxes because there is usually opposition to either move, and it requires 60 votes to move forward. But there is one bill each year on which we don't have to have 60 votes. It is called the reconciliation bill. It is a part of our budget process. Because of the way the law is set up, we can have a 50-percent-plus-one vote on that reconciliation bill each year. That is how the tax cuts of 2001 and 2003 were put into place.

Those tax cuts, as a reminder, were reductions in the income tax marginal rates for every American, with the largest percentage of those reductions in the lower and middle-income categories, reductions of the capital gains tax, reductions of the dividends tax, and a number of other very important tax policies that in 2001 and 2003 reduced taxes because we were able to use the reconciliation bill to do so. The problem is that the reconciliation process requires a sunset.

People around the country must wonder why we are facing a sunset of these tax cuts. It is because in order to avoid the filibuster and get the tax cuts put into place, the reconciliation process was used, which itself carries a sunset. So over the next 3 or 4 years, the tax cuts of 2001 and 2003 will expire. Once they expire, taxes will go back up in nominal amounts on every American.

All we have to do is to extend those tax cuts to keep tax rates at their current levels, to be responsible about tax policy. But what does this budget do? In order to facilitate the explosion of new spending this budget contemplates, it assumes there will be no vote in Congress to extend those tax rates cuts. What does that mean?

Let's look at the first chart. Over the next 5 years, that means taxes are going to go up by \$1.3 trillion. The lower income tax rates people are paying today are going to go back up. The child tax credit, the marriage penalty elimination, the estate tax reductions, and the small business tax relief all go back up. One year of AMT fix is contemplated, but the alternative minimum tax which is now slamming the middle class will not be accommodated in any year of this budget except for the first year. There are other extensions of other types of R&D tax credits and other things that are important for our economy that will go up. When you have totaled it all up, this budget contemplates and provides for \$1.3 trillion of new taxes.

Over a 10-year period, the number is even more phenomenal: \$3.9 trillion of new taxes. That is how we are facilitating the increased spending contemplated in this budget.

As I indicated, we are now facing a situation where Washington has returned to the tax-and-spend policies of the past. If we do nothing, which is what this budget contemplates, entitlement spending will continue to rage, driving up our debt. Discretionary spending will be accelerated, driving up the debt. Taxes will explode. When

those tax rates go up, remember, it is going to happen with no vote in Congress. We are simply going to sit back and let America have the hugest tax increase it has ever had by taking no action to protect the American taxpayer.

I was elected to the House of Representatives back in 1992 or 1993. Ever since that time, we have tried to reduce taxes to accommodate a better tax policy and tax structure in this policy. Every time we have proposed a tax cut, that tax cut was attacked as a tax cut for the wealthy. That simply is not true. As our leader said, whether you look at the alternative minimum tax, the marriage tax penalty, the small businesses, the child tax credit, or the reductions of income tax rates across the board for every taxpayer in America, these taxes squarely hit the middle class and every income category across the board. We often talk about that typical family of four and the several thousand dollars of taxes they are going to be asked to pitch in for this. But it really is not just that typical family of four; it is a single mother, a single man, a family with children, a family without children, a married couple. Everybody who pays taxes is going to see their taxes go up dramatically.

This budget is not responsible. It is not responsible on spending policy. It is not responsible on taxing policy. It is not responsible because it provides for no action to deal with the entitlement reform so pressing in our Nation.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

JOHN MCCAIN

Mr. COLEMAN. Mr. President, I would like to take a few moments to talk about one of my colleagues, the Senator from Arizona, Mr. MCCAIN.

Last night, he secured the nomination of the Republican Party to be President of the United States. I must admit that about 6 months ago, I was one of those who questioned whether Senator MCCAIN would be successful in this quest. While his passion for our Nation has never been in doubt, my sense was that his campaign for the Presidency was flickering to a close. What you saw last night is a reflection of character, the character of JOHN MCCAIN, the character that allowed him to persevere through the terrible torture of tiger cages in Vietnam.

JOHN MCCAIN has never, ever given up on this Nation. In the end, at a time when there is so much cynicism in the body politic and the public about politicians, it is uplifting, not just for this party or for this body, because the next President of the United States will come from this body, but for this country to have as our candidate a man whose character has been tested in a furnace that has burned hotter than any one of us could possibly understand.

At a time when the issues of security are so preeminent, we have as a candidate JOHN MCCAIN, who has been as steadfast on protecting this Nation as one could ever imagine. At a time when the public is concerned about wasteful Washington spending, we have as our candidate an individual who has been a champion in fighting wasteful Washington spending.

I wanted to take a few moments to offer my congratulations to our colleague from Arizona and to say to the American public, at a time when there is such doubt and cynicism, such division in this country, we have before them an individual whose character is strong. His courage is unquestioned. He has shown the ability to overcome the deep, divisive, partisan divide that tears this body apart, that tears this country apart. That is a wonderful thing.

I offer my heartfelt congratulations to our colleague from Arizona, Senator MCCAIN.

The ACTING PRESIDENT pro tempore. The Senator from Georgia.

Mr. CHAMBLISS. Mr. President, I rise to echo the sentiments of my colleague from Minnesota. The great thing about being involved in public service and having the opportunity to serve people from our respective jurisdictions is the privilege of becoming associated with other individuals who are dedicated public servants. We stand on the verge of history right here because in this Presidential election we are going to have two Members of the U.S. Senate who are going to be vying to become Commander in Chief. I think all of us as Members of Senate ought to be justly and duly proud of all of those who have put their names out there, who have worked hard, campaigned hard, and been willing to make the sacrifices necessary to travel the country expressing their views and opinions about issues to become President.

Obviously, last night our good friend, Senator JOHN MCCAIN, became the nominee on the Republican side. JOHN deserves an awful lot of credit for endurance, perseverance but, most importantly, for standing by his principles. That is the one thing we as Members of the Senate need to look to JOHN and say: There are ways to do this, and there are ways not to. But you stood by your values. You stood by your principles. You did this in the right way.

He is unique in so many ways. Everybody in here has their own unique assets. Certainly JOHN has a great and storied background from a military perspective, and he served his country well before he ever got to this body. But once he got here, as my friend has just said, he exhibited great leadership from the standpoint of providing the kinds of ideas, the kind of vision that is needed from a national security and a national defense standpoint. He also, primarily, had a vision about how the taxpayers' money, how the individuals he represents, as well as all other taxpayers in the United States, ought to

have their money spent. JOHN has been a tireless advocate for the elimination of wasteful Washington spending. Assets such as those are what have projected JOHN to the nomination of our party. I am very proud of the fact that he is going to be leading us.

It is going to be a spirited campaign. All of us as Members of the Senate should be justly proud of all of these candidates who have been out there. I am very proud to stand today and salute my dear friend, my colleague, Senator JOHN MCCAIN.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina.

Mr. BURR. Mr. President, I echo the comments of my colleagues. Congratulations to JOHN MCCAIN and, more importantly, congratulations to Cindy McCain. Cindy has stood by his side every step of the way—through good, when people wanted to write his obituary, and now in the glow of being the nominee. She is clearly a wonderful partner in this process.

Many ask why JOHN MCCAIN succeeded. I would suggest it is because he loves America. He believes in America. He believes in the American people. He stated it in a real and personal way. But as my colleagues have highlighted, his background has set him up for this role at this time in our history.

JOHN is a man of consistency, so consistent, many times some of his colleagues have been critical of the fact that he is that consistent. But America is hungry for consistency. They are hungry for somebody to represent them who actually does what they say, means what they say, more importantly, takes on the tough issues.

JOHN is passionate, JOHN is courageous. His passion comes through sometimes in a different way than many of us, but he is tenacious when he sets his mind toward a goal. I think we have seen that in this election cycle. JOHN is stubborn and he is real. I think the most incredible thing about JOHN MCCAIN is: What you see is what you get. He has carried out straight talk with America, even when he went to Michigan and said things that were not popular. He has said about the war: I would rather lose an election than to bring our troops home with less than victory. Well, JOHN MCCAIN meant it, and he meant it because he understands the next generation is what the focus of his Presidency is about.

I am convinced this body should be proud because the next President will be a Member of this body. I am excited and delighted for JOHN and Cindy MCCAIN because their quest to be the Republican nominee has been fulfilled last night. I certainly commend him for his tenacity and for his hard work as he has gone toward this quest.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from South Carolina.

Mr. GRAHAM. Mr. President, I thank my colleagues for coming down and highlighting the fact that the Presi-

dential nomination on the Republican side has finally come to a conclusion—Senator MCCAIN won. To all those who were in the race, I think I have a little taste of how difficult it was for you and your families.

The Republican Party was blessed this year to have a group of candidates who represented the best in the Republican Party: To Governor Huckabee last night, he ran a great campaign; Governor Romney; Ron Paul—whatever you want to say about Ron Paul, he bleeds, he won his primary last night—and Mayor Giuliani. What a talented field we had on our side. It is equally true on the other side. We are going to have a Senator, as Senator BURR said, for both parties. I do not know when that last happened. But it is an exciting time.

I have had the pleasure of knowing Senator MCCAIN for many years. They will write books about how this happened because our campaign ran into a wall in the summer. I think one of the things you can say about Senator MCCAIN, as Senator BURR indicated, is that when he sets his mind to something, he is pretty hard to stop. He believes he has a little more service left in him.

If you want to know JOHN MCCAIN, you need to look at his family and the way he has lived his life—his time in the Navy. He looks at being President as one more chance to serve the country.

I was talking to him last night. The idea of being President is overwhelming. It is such a prestigious office, it is such an important office for the world and for our Nation. I just indicated to him: Just look at it as another tour of duty. This time you are Commander in Chief.

To the men and women in uniform out there who are serving in faraway places, standing watch as I speak, you are going to have a great Commander in Chief if JOHN MCCAIN wins. The other candidates are fine people, but I think the differences are going to be real.

Senator CLINTON said something last night. She is a very strong competitor and you never count the Clintons out and I do admire Senator CLINTON. This is going to be a spirited contest. But she said she wanted to end the war in Iraq and win in Afghanistan. Well, what the heck does that mean? I want to win in Iraq and I want to win in Afghanistan.

Senator OBAMA, who is a real phenomenon, who has come a long way in a short period of time, says the world is watching. He talked about some gentleman, the grandfather of one of his campaign operatives, I think maybe in Uganda, staying up all night to watch what we do in America. Senator OBAMA is absolutely right.

I can tell you who else is watching. Some of the most vicious killers known to humanity are watching what we do in terms of Iraq and the war on terror. They are measuring us. They are measuring our candidates for President.

They are seeing who blinks and who does not. They are going to watch what we do in the Senate, and they are looking for openings.

This is going to be a great contest. What an important time for America and the world. I hope we can have a civil debate. I am sure it will be. But the fact that there are great differences in a democracy is a good thing. I say to the American people, you are going to be blessed with some good choices. Please choose wisely because a lot of people depend on what you say or do.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

THE BUDGET

Mr. CORNYN. Mr. President, I wish to commend my colleagues for coming down to the floor and talking about Senator MCCAIN, who won the Republican nomination for President last night as a result of his success in the Texas primary. If there is one thing I can relate to beyond his security credentials, it is his commitment to eliminating wasteful Washington spending and making sure we are good stewards of the taxpayers' dollars.

I would like to engage in a colloquy with my distinguished colleague from New Hampshire, the ranking member of the Budget Committee, about some aspects of the budget we are going to be considering first in the Budget Committee and then on the floor of the Senate as early as next week. Because this is front and center in terms of whether we are going to restore our reputation, frankly, as Senators who believe in limited Government, if we believe Government should work effectively and we should keep our promises when it comes to how we deal with the American people.

I wish to ask the distinguished Senator, through the Chair: As we await the fiscal year 2009 budget today, I remember the majority last year, the Democrats, said they were very proud to announce a surplus as a result of that process. I would like to ask the Senator, how did that turn out?

Mr. GREGG. Mr. President, first, I would like to join with fellow Members of the Senate who have risen today to congratulate Senator MCCAIN. He is a force for right in this country. He is a person whose personal history is extraordinary. As somebody said: What you see is what you get. And what you get is an extraordinary American hero who understands we need to defend ourselves around the world and we need to be fiscally responsible in the United States.

New Hampshire sort of brought him back in this campaign, and so we played a small role in that, although I was not necessarily a part of that role. But, in any event, I now join with my colleagues and look forward to supporting him aggressively as he goes forward in this campaign.

I think the Senator from Texas raised some excellent questions. The question is, what happened with the Democratic budget last year, as I understand it. Essentially, what happened was they produced a budget which they claimed was going to do one thing, and it ended up doing the exact opposite.

They claimed, for example, they were going to basically produce a budget which would produce a surplus. In fact, they produced a budget which produced a huge tax increase—a \$900 billion tax increase. To try to put that in context, that means every American—or 47 million Americans who pay income taxes—will have their taxes go up \$2,700 as a result of the Democratic budget. It means 18 million seniors will have their taxes go up \$2,400 as a result of the Democratic budget. It means small businesses across this country—24 million small businesses—will have their taxes go up \$4,700 because of this almost genetic factor within the Democratic Party which says they have to raise taxes and they have to spend your money.

So their budget was a huge tax increase. I would say to the Senator from Texas, through the Chair.

Mr. CORNYN. Mr. President, I ask the Senator from New Hampshire, there was talk about a surplus, and then there ended up being a promise to extend middle-class tax cuts. I believe Senator BAUCUS, the chairman of the Finance Committee, proposed an extension of certain tax cuts.

I wonder if the Senator from New Hampshire can explain how you can have a surplus and then ultimately how that relates to tax cuts the Senator promised.

Mr. GREGG. Mr. President, to respond the Senator from Texas, what happened was the Democratic leadership last year produced a budget which raised taxes by \$900 billion on the American people. They said: Oh, but out of the generosity of our heart, we are going to offer an amendment which cuts back that tax increase by about \$154 billion. I think it was—the Baucus amendment—because we are going to extend the child care tax credit, the 10-percent individual rates, the marriage penalty. We are going to do all these wonderful things, even though we are raising taxes, even after that, by \$750 billion.

But lo and behold, once again, we saw their actions be a lot different than their words. Even though they passed that amendment, took credit for that amendment, they never actually extended any of those tax cuts. So those tax rates are still in place on the American people, and that was a total fraud that was exercised last year by the Baucus amendment because nothing came of it.

Mr. CORNYN. Mr. President, I ask the Senator from New Hampshire through the Chair: I remember the Budget Committee chairman saying on “60 Minutes” last March that “We need to be tough on spending.” Surely, as

the architect of the fiscal year 2008 budget, he was able to do that; correct?

Mr. GREGG. Well, Mr. President, I regret to inform the Senator from Texas, not surprisingly, he was not. In fact, they dramatically increased spending in last year's budget in the discretionary spending. They increased it well over what the President asked for—\$250 billion of additional spending over what the President asked for over 5 years in their budget. Then, on top of that—that was not enough for them—they stuck \$21 billion into the supplemental, which translates into another \$200 billion of spending increases. So they had a total of approximately \$450 billion of new spending—almost \$500 billion of new spending—over 5 years in their budget last year.

So they did not discipline the budget spending at all. So when Senator CONRAD said on “60 Minutes,” “We need to be tough on spending,” they were not able to live up to that.

Mr. CORNYN. Mr. President, I ask the Senator from New Hampshire, although he has pointed out this last year's budget raised taxes and failed to control spending—indeed, spending increased—

The ACTING PRESIDENT pro tempore. Time has expired.

Mr. CORNYN. Mr. President, I ask unanimous consent for an additional minute.

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

Mr. CORNYN. I thank the Chair.

I ask the Senator, in addition to raising taxes and failing to control spending, surely the budget last year dealt with the growing entitlement spending crisis, which has \$66 trillion in unfunded liabilities that will be paid by our children and grandchildren. Could the Senator address that?

Mr. GREGG. Well, Mr. President, again, regrettably, for the American people at least, the Democratic leadership said one thing last year on the budget and did the exact opposite. Not only did they not control any entitlement spending, entitlement spending expanded by \$466 billion over their budget. This is similar to their claim they were going to not be raising taxes, when they raised taxes over \$750 billion; similar to their claim they were going to be tough on spending, when they actually increased spending on the discretionary side by over \$450 billion. This entitlement spending is another example of saying one thing and doing the opposite.

Mr. CORNYN. Mr. President, I say to the Senator, I remember when you were Budget chairman, Senator GREGG, we worked under the reconciliation process in fiscal year 2006 to reduce spending by nearly \$40 billion over 5 years. Didn't the Democrats use reconciliation last year, too?

Mr. GREGG. Yes, they definitely “used” it. In my view, the Democrats manipulated the reconciliation process to increase gross spending by \$21 billion, while saving a paltry net \$750 million over 6 years.