

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.

Mr. CORNYN. I do remember Chairman CONRAD insisting that closing a portion of the tax gap—in other words, collecting unpaid taxes that are owed—would give us about \$300 billion in revenues to pay for all this new spending. How much was recovered?

Mr. GREGG. Actually, none. The Democratic Congress last year passed up an opportunity to close the tax gap, failing to fund IRS enforcement efforts, and passed bills that would actually expand the tax gap.

Mr. CORNYN. Well, as a member of the Budget Committee, I have heard a lot from Chairman CONRAD on the state of the gross Federal debt. I have heard lots of press-friendly sound bites from him like “the debt is the threat.” Surely Democrats took some action to reduce the debt?

Mr. GREGG. No, again, no action. The fiscal year 2008 budget allows the gross debt to grow dramatically, by \$2.5 trillion over 5 years, and spends all of the Social Security surplus, which is more than \$1 trillion.

It is important to remember that this debt will be paid back by our children, so that a \$2.5 trillion increase basically adds another \$34,000 to the amount already owed by every American child under the age of 18.

Mr. CORNYN. What about budget enforcement mechanisms? For example, Democrats have claimed their pay-go will ensure fiscal discipline, and I have heard Budget Chairman CONRAD say that it is working. Is that true?

Mr. GREGG. No, it is not true. Democrats have waived, gimmicked or ignored their own pay-go rules to the tune of \$143 billion in deficit spending.

Mr. CORNYN. I would like to learn more about this. To go back, when the Democrats took the majority, one of the first things they did was to restore tough pay-go, correct?

Mr. GREGG. It started out that way, but took a left turn. Democrats in the Senate ended up with a watered-down version of pay-go: no first-year deficit-neutrality test; no deficit-neutrality test for the second 5 years—all about spending now, paying much later.

Mr. CORNYN. But I thought that the Democrats were congratulating themselves for the hard choices they had to make in order to comply with pay-go.

Mr. GREGG. They did congratulate themselves. They even boasted about the “pay-go surplus” on the pay-go scorecard.

But they shouldn’t congratulate themselves for hard choices—they should congratulate themselves for thinking up gimmicks and machinations to fool people into believing they made hard choices.

Mr. CORNYN. I have heard about a gimmick where the Democrats were able to increase mandatory spending for free by including it in an appropriations bill.

Mr. GREGG. Can you believe that? They included a 1-month extension of the mandatory MILC program in the 2007 emergency supplemental. Then the

chairmen of the Senate and House Budget Committees told CBO to put the spending into the baseline—which covers 10 years of the program—to the tune of \$2.4 billion.

The topper: They included an enforcement mechanism in their budget resolution that prohibited this practice, but they exempted the 2007 supplemental.

Mr. CORNYN. I have also heard about early sunsets as a gimmick to avoid pay-go. How does that work?

Mr. GREGG. In the SCHIP bill, the Democrats reduced funding from \$14 billion per year to \$3.5 billion in the last year, 2012. The gimmick hides \$45 billion in spending.

The farm bill in the Senate also used this early sunset tactic to hide \$18 billion in costs.

Mr. CORNYN. Wow. Are there more tricks?

Mr. GREGG. You bet. The student loan reconciliation bill phased down interest rates to 3.4 percent in 2011, then snap them back up again to 6.8 percent in 2012. This kept \$17 billion in costs hidden.

The student loan bill turned off mandatory Pell Grant spending in 1 of the 10 years—hiding \$9 billion in spending.

Mr. President, \$10 billion in farm bill spending is pushed out beyond 2017—totally escaping pay-go enforcement.

I haven’t even mentioned all of the corporate estimated tax shifts they have used, which move revenues from one fiscal year into another. Even Budget Chairman CONRAD himself called this “funny-money financing” during debate on the last highway bill.

Mr. CORNYN. Sounds like these gimmicks and violations add up to a pretty hefty total.

Mr. GREGG. Mr. President, \$143 billion—quite a chunk of change.

Mr. CORNYN. Is there anything we can do about it?

Mr. GREGG. We can try and reinstitute a first-year deficit test, and we can try and reinstitute a second 5 years deficit test. We can adopt a scoring rule that prohibits shifts such as the corporate estimated tax shift from being used to satisfy pay-go.

But I am not confident they will accept such changes. They seem determined to keep up what the Wall Street Journal called “a con game from the very start.”

Mr. CORNYN. This is very disheartening. Are there other examples of Democrats weakening budget enforcement rules?

Mr. GREGG. Yes, in last year’s budget, the Democrats failed to protect Social Security for seniors. Democrats, in their fiscal year 2008 budget, threw out both the bipartisan Social Security “circuit breaker” and the bipartisan “save Social Security first” budget point of order contained in the Senate-passed version, thus removing crucial tools to eliminate the practice of spending the Social Security surplus on other programs. Under the Democrats’ fiscal year 2008 budget, every

dollar of the Social Security surplus, or \$1 trillion, was spent.

They failed to protect workers against tax increases. Democrats, in their fiscal year 2008 budget conference report, threw out a bipartisan budget point of order against raising income tax rates that had been included in the Senate-passed version.

They failed to protect the integrity of the reconciliation process. Democrats threw out a bipartisan point of order in the Senate-passed version that would have limited any new spending in response to reconciliation instructions to 20 percent. By converting reconciliation to a spending exercise, Democrats allowed new spending that was 2,900 percent larger than the savings instruction in their budget.

They failed to protect State and local governments from expensive mandates. Democrats threw out a Senate rule requiring a supermajority to waive the unfunded mandates budget point of order, thus making it much easier to burden State and local governments with costs from Federal Government requirements.

They failed to protect the firewall between mandatory and discretionary spending. Democrats weakened a budget point of order against mandatory spending in appropriations bills, and exempted the 2007 supplemental appropriations bill from the requirement altogether, thus allowing no enforcement protection against the \$2.4 billion MILC program enacted last year.

Mr. CORNYN. Well, I certainly hope that we do not see a repeat of this outrageous tax-and-spend budget this year, and that there is a great deal more honesty and transparency about what the Government is spending and how. I hope to see a return to fiscal discipline, with an eye on how today’s budget will impact future generations.

Mr. GREGG. I completely agree. As Republicans, our top priority is to pass on prosperity and a strong economy to the next generation. We need to keep spending in check, take the needed steps to address entitlement reform, and keep the economy growing with a fair, progrowth tax system in place. It is unconscionable to leave behind this kind of fiscal mess the majority is making.

Mr. CORNYN. Mr. President, I thank the Chair and I thank the Senator from New Hampshire.

The ACTING PRESIDENT pro tempore. The Senator from Washington.

AIRBUS FALSE CLAIMS

Mrs. MURRAY. Mr. President, I come to the floor this morning to spend a few minutes talking about the future of our Nation’s global aerospace leadership, because, frankly, I believe it is in serious jeopardy.

Now, for any of my colleagues who have not heard, last Friday, the Air Force awarded one of the largest military contracts in history. It is a \$40 billion contract. But the Air Force picked