

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 anti-competitive 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,

the U.S. Trade Representative, argues subsidies to Airbus hurt our companies, skew global markets, and violate the rules of the game. Yet another arm of the administration, the Defense Department, rewards a subsidized company with a \$40 billion contract to purchase illegally subsidized aircraft.

That is the kind of Government decisionmaking that does not add up. It is not common sense, and it raises serious and fundamental questions about how this administration goes about its business.

Does the right hand of the Government know what the left hand is doing? Does one agency respect international rules and their effect while the other one does not? What was USTR's role in this procurement decision? And why did the Defense Department appear to have disregarded it? These and other questions need answers, and I look forward to pursuing these answers with my colleagues.

Until we hear a full accounting of this issue, I am left with an uneasy feeling that last week's decision by the Defense Department does little for the common good or common sense.

Mr. President, I wish now to speak on an amendment I am going to offer when we get to the budget resolution. I will offer the amendment when we are on the resolution. I can either make my statement now or wait until we get to the resolution.

The ACTING PRESIDENT pro tempore. Time is expired.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2009

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. Con. Res. 70, which the clerk will report.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 70) setting forth the congressional budget for the United States Government for fiscal year 2009 and including the appropriate budgetary levels for fiscal years 2008 and 2010 through 2013.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

The Senator from Montana.

Mr. BAUCUS. Mr. President, I wish to speak on the budget resolution and about an amendment I will offer when that amendment is in order. As I understand, that will be after the luncheon hour.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. BAUCUS. Mr. President, the author and poet, Cervantes, had a character say:

My wages . . . I have earned with the sweat of my brows.

And so it is with America's hard-working families. They have earned their wages with the sweat of their brows. This afternoon, along with a number of other Senators, I intend to offer an amendment that would take the surplus in the budget resolution and give it back to hard-working American families who earned it.

First, our amendment makes the 10-percent tax bracket permanent. That is a tax cut for all taxpayers.

Second, we are making permanent changes to the child tax credit. That is a \$1,000 tax credit per child. This tax credit recognizes that a family's ability to pay taxes decreases as their family size increases. Unless we act, the child tax credit will fall to \$500 per child in 2010.

We are making permanent the marriage penalty relief. Couples should not pay more taxes because they are married. This relief makes sure a married couple filing a joint return has the same deductions and tax brackets as they would if they filed as individuals.

We are making permanent the changes to the dependent care credit. This credit is important to working families. It recognizes the increased cost of child care for thousands of Americans, especially child care for households where both parents work outside the home.

We are making permanent the changes to the adoption credit. Most adoptions cost more than \$20,000. This provision offers a credit of \$10,000 for those willing to give a child a home.

This amendment is also important because in it we believe it is important to pause and reflect on the sacrifices our men and women in uniform make for us every day.

Nearly 1.5 million U.S. service men and women have served in Iraq, Afghanistan or both. Nearly 30,000 troops have been wounded in action.

In September, I went to Iraq. I was impressed by what an amazing job our troops are doing. It is astounding. I met many Montanans from small towns such as Roundup and Townsend. I saw firsthand what a heavy burden our troops bear for all of us. They face hardships, they face danger, but they keep at it every day. Today, one small way to support them is to make the Tax Code a little more troop friendly. We can extend the special tax rules that make sense for our military that expire in 2007 and 2008. We can also eliminate roadblocks in the current tax laws that present difficulties to veterans and servicemembers.

One problem this amendment would address is how the Tax Code treats survivors of our fallen heroes. The families of soldiers killed in the line of duty receive a death gratuity benefit of \$100,000. But the Tax Code restricts survivors from putting this benefit in a Roth IRA. Today, we can make sure family members of fallen soldiers can take advantage of these tax-favored accounts. Another hazard in the tax laws impedes our disabled veterans. I am

thinking of the time limit for filing for a tax refund. Most VA disability claims filed by veterans are quickly resolved, but many disability awards are delayed due to lost paperwork or the appeals of rejected claims.

Once a disabled vet finally gets a favorable award, the good news is the disability award is tax free, but the bad news is many of these disabled veterans get ambushed by a statute that bars them from filing a tax refund claim. Today we can give disabled veterans an extra year to claim their tax refunds.

Most troops doing the heavy lifting in combat situations are the lower ranking, lower income soldiers. Their income needs to count toward computing the earned-income tax credit, or EITC. Under current law, however, income earned by a soldier in a combat zone is exempt from income tax. This actually hurts low-income military personnel under the EITC.

The EITC combat pay exception allows combat zone pay to count as earned income for purposes of determining the credit. That way, more soldiers qualify for EITC. But this EITC combat pay exception expired at the end of 2007.

The EITC is a beneficial tax provision for working parents. It makes no sense to deny it to our troops. Today we can help to make combat duty income count for EITC purposes.

In this amendment, we are making permanent provisions to allow combat pay as earned income for purposes of the EITC. This amendment allows hard-working, low-income military personnel to get the full benefit of the EITC.

A soldier's rucksack is heavy enough as it is without loading it down with tax burdens. We owe the soldiers fighting in our Armed Forces an enormous debt of gratitude. This amendment is one small way we can salute our men and women in uniform for all they do.

Also in this amendment, we are giving some certainty to American families on the estate tax. Lowering the estate tax to 2009 levels is the least we can do as we move toward estate tax reform. This is the minimum that we can and will achieve.

And we are committed to exploring what more we can do. We are conducting thorough studies of the issue in hearings on that subject this week.

I plan to offer a second amendment that would dedicate enough additional funds to estate tax reform that we can achieve a \$5 million exemption and a 35-percent rate.

Through these efforts, Congress will show that we support America's small businesses, ranchers, and farmers. Today's amendment also helps to address the housing crisis. Our amendment would allow middle-income taxpayers who do not itemize their deductions to nonetheless get a tax deduction for property taxes. That would give some relief to hard-strapped homeowners.

Now, this amendment will not do everything. But we will do more. As