done so. It is our obligation to comment and critique their budget, which we have done.

The most important critique that I offered is that this budget explodes the debt. It is undeniable. It is clear. Their own numbers show that it explodes the debt.

Beyond that, the chairman references what happened in the committee. I believe he didn't mention our first amendment—it will be our first amendment on the floor—which is a pay-go amendment to restore budget discipline to require that if you want to have more mandatory spending, you have to pay for it. And if you want to have more tax cuts, you have to pay for them. But they defeated that budget discipline. They defeated that budget discipline, and they proposed this budget that explodes the debt.

In addition, every one of our amendments—I don't know where the chairman got his number—that cost $128 billion in committee, we provided $134 billion of funding for those amendments.

We reduced the buildup of deficit and debt by $6 billion. But that is not the point. The point is, what needs to be done—and I think the chairman might agree with this—is to take on this debt threat. The only way it is going to happen is if we do it together. Your budget doesn't do it. We are not going to offer a budget that is going to do it because if you offer one on your own, you couldn't pass another one. If we offered one on our own, we couldn't pass it on our own—certainly not in the minority.

I have come to the conclusion—I have talked to colleagues over the weekend, and I believe the chairman may share this view—that the only way we are going to take on this debt is to march together. It has become so serious and so big that neither party can do it alone. That is the truth.

Again, we didn't offer tax increases in the Budget Committee. We did offer to more aggressively close the tax gap to pay for these measures. And the biggest spending measure that we offered—in fact, nearly all the increase in the spending, or a significant majority of it—was in one amendment, and that was to take veterans' benefits from the discretionary side of the budget to the mandatory side of the budget. We do not believe veterans' benefits should be considered discretionary. It is not discretionary. It is mandatory that we provide for these veterans. That amendment cost $104 billion. But we paid for it.

Unless anybody wonders if there are tax loopholes out there to close, let me tell you about one of the most recent scams which was uncovered where companies in the United States are buying sewer systems of European cities, depreciating them on their books in the United States, and then leasing the facilities back to European cities.

Is that a tax increase to take away that scam? I don't think so. Is it a tax increase to take away the scam that allows a five-story building in the Cayman Islands to be home to 12,500 companies which claim they are doing business in the Cayman Islands? They have a five-story building down there that is the home to 12,500 companies. Is it a tax increase to end that scam because there are no taxes in the Cayman Islands and that is where those companies want to show their profits?

Shame on those companies, shame on the Cayman Islands, shame on us for allowing that to happen, and shame on us for not collecting the revenue that is due under the current system. The vast majority of us pay what we owe. The vast majority of companies pay what they owe. But we have an increasing number of individuals and an increasing number of companies that aren't, and we ought to go after them. It is $350 billion a year. The revenue commissioner said we could get at least $50 billion to $100 billion of that amount without fundamentally changing the relationship of the revenue service to the taxpayers of the company.

Social Security reform: What the President proposed is not what I would consider Social Security reform. Once again he was going to borrow the money. He was going to borrow hundreds of billions of dollars to change the Social Security system. Of course we opposed that. Not only was he going to borrow hundreds of billions of dollars, but he himself was going to cut benefits. We oppose that. I am proud to have opposed that.

I am not for any more of these plans that explode the debt of the country. We have had enough of that. The debt does represent an enormous threat to the economic security of America. I believe that.

Could I be advised of the time remaining, how it is divided?

The PRESIDING OFFICER. The Senator has 3 minutes 50 seconds, and the Senator from New Hampshire has 3 minutes 40 seconds.

Mr. CONRAD. Mr. President, at this point, would the Senator join me in yielding that time?

Mr. GREGG. Take it off the bill.

Mr. CONRAD. We yield the time remaining.

The PRESIDING OFFICER. The time is yielded.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will be a period for the transaction of morning business from 11:30 a.m. until 1:30 p.m.

Mr. GREGG. Mr. President, I ask unanimous consent that during the period of morning business it be deemed the clock is running on the budget bill, and the time will be charged equally.

The PRESIDING OFFICER. Is there objection?

Mr. CONRAD. Mr. President, we urge our colleagues who want to make a statement on the budget, this is the time where they could come and do that. We are going to be working very hard. The chairman and I are trying to develop a plan that would give people certainty and that we would have time agreements to shorten the amount of time on each amendment so we could get more amendments concluded before we begin the vote-arama. I think that would dramatically improve the quality of the debate. I think it would improve the quality of experience for Members of this body.

The chairman and I have talked about this. Perhaps he would want to comment on what we are trying to do as well, so we alert colleagues and their staff that we are going to be coming to them with relatively short time agreements on amendments with a certainty of schedule so that we try to get our business conducted to the extent we can before we begin the vote-arama.

The PRESIDING OFFICER. Acting as the Presiding Officer and as a Member of the Senate, the Senator from Ohio objects.

Objection is heard.

Mr. GREGG. Mr. President, I ask unanimous consent that as time is running during morning business, the next hour and half also be running against the budget bill.

The PRESIDING OFFICER. The Senator from Ohio does not object.

Without objection, it is so ordered.

Mr. GREGG. I thank the Senator for his courtesy.

The PRESIDING OFFICER. The Senator is more than welcome.

Mr. GREGG. Mr. President, I understand that will be equally divided.

The PRESIDING OFFICER. That is correct.

Mr. GREGG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THOMAS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Ms. COLLINS. Mr. President, I ask unanimous consent to speak for up to 15 minutes in morning business.

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

The Senator from Maine is recognized.

Ms. COLLINS. I thank the Chair.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 2400 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

THE BUDGET

Mr. MCCONNELL. Mr. President, I understand this is fiscal responsibility week on the Democratic side of the aisle. It is a good time to talk about that and to talk about the strength of the American economy. It is certainly no secret to any in Congress or to the American people that when the President came to office we had a terrorist attack, we have had corporate accounting scandals, a bursting stock bubble, and, of course, our share of natural disasters.

In spite of all that, our economy is in extraordinarily good shape. It is very strong, and it is not by accident. It is a direct result of the policies of the President of the United States and of the Republican Congress.

Since the enactment of the Jobs and Growth Act of 2003, more Americans are working than ever before. Five million new jobs have been created since May 2003 alone. Unemployment is at 4.8 percent. That is lower than the average of the 1970s, the 1980s, and even the boom 1990s that our good friends on the other side of the aisle claim is the best the economy could ever do. Current unemployment is lower than the average of the 1990s.

Home ownership, the American dream, has reached an all-time high and remains near that high today. The stock market, a good way to measure prosperity, is up more than 2,500 points since May 1, of 2003. That is nearly a 30-percent increase in the stock market since we passed the Jobs and Growth Act of 2003.

Americans have more money in their pockets. Aftertax income is up 7.9 percent since President Bush took office. We cut the capital gains tax rate. I remember all the comments on the other side of the aisle about how this was a tax cut for the rich and how it was going to cost the Government all kinds of revenue. The results are in. By cutting the capital gains tax rate, we increased the revenues to the Federal Government by $20 billion. In other words, the receipts from capital gains went from $58 billion, when we had a higher rate, to $78 billion with a lower rate, exactly as the occupant of the chair, myself, and these in the Bush administration predicted. Cutting capital gains tax produces more revenue for the Government. Now we have proven that to be the case.

We are taking more important steps to put our fiscal house in order. The deficit reduction bill which the President signed within the last month actually reduces the deficit by $40 billion for the first time since the late 1990s. It is an actual deficit reduction bill, a reduction in the entitlement spending, one of the hardest things to do around here. We did not pass it by a landslide, but we got it done.

What is this all about? It is all about the American people. The Government does not create jobs and opportunity; the private sector does. The policies of the President and the Republican Congress have stimulated the private sector, allowed our country to work its way through some of the most dramatic setbacks imaginable, from the first big terrorist attack—hopefully the last one on our soil—corporate scandals, the stock market bubble bursting, all of that, and yet our economy is roaring.

What do our good friends on the other side of the aisle think the prescription is in the wake of this riproaring economy and all of this success? We saw some of it in the Committee on the Budget last week. First, they want to increase the discretionary cap on this budget we are now considering, increase that by $19 billion. In other words, have some more spending over and above what the President has recommended and what the budget that came out of the Committee on the Budget recommends, $873 billion. They want to increase that by $19 billion. They also would have mandatory spending increases of $109 billion. The President just got through signing, after Congress passed, a deficit reduction bill to reduce mandatory spending by $40 billion over the next 5 years and the Democrats on the Committee on the Budget want to increase it by $109 billion. That will wipe out all those savings and add another $50 billion or so on top of it.

Our Democratic friends also proposed tax increases of $134 billion in the committee last week. It strikes me that their solution in the wake of this stunningly robust economy we find ourselves with is to tax and spend, the old formula.

I hope we will not go down that road as we move toward passing the budget this week. We have an opportunity to demonstrate that we are willing to restrain ourselves, that we are willing to cap the rate of discretionary spending. We will have that vote at the end of the week. I hope it will be successful.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, morning business is closed.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2007—Continued

The PRESIDING OFFICER. Under the previous order, the hour of 1:30 p.m. having arrived, the Senate will resume consideration of the budget resolution, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 83), setting forth the congressional budgets of the United States Government for fiscal year 2007 and including the appropriate budgetary levels for fiscal years 2006 and 2008 through 2011.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I listened to the very able Senator from Kentucky. His description of this budget does not quite fit the budget I have seen, both in the Senate and in the committee. He talks about deficit reduction. There is no deficit reduction here. Let's be clear with people. There is no deficit reduction.

He talks about the deficit reduction bill offered last year by the Republicans. They called it ''deficit reduction,'' but there was no deficit reduction. They cut taxes $70 billion, cut spending $40 billion. Do the math. That did not reduce the deficit. It increased the deficit. Is the deficit going to be lower this year after their deficit reduction bill? Or is it going to be higher? It is going to be higher. There is more deficit after their deficit reduction bill of last year. Not only is there more deficit, but there is a whole lot more debt.

Let me say to my colleagues, here is what is happening under our colleagues' fiscal plan. Here is what is happening to the debt of the country. When President Bush came in at the end of his first year—we do not hold him responsible for the first year because that is operating under the previous year's Presidency—at the end of his first year the debt was $5.8 trillion. At the end of this year, the debt will be $8.6 trillion. If this budget is adopted, this 5-year budget, at the end of the 5 years the debt will be $11.8 trillion. And they are talking about deficit reduction? Where? Where is it? Show me. Show me where they are reducing the deficit. This is the debt of the country. The debt is skyrocketing under their plans.

Now the Senator talks about their deficit reduction plan of last year. This is last year. The deficit was $319 billion, one of the biggest ever. In fact, in the 5 years of this Presidency, he has had—count them—four, when this year is complete, four of the biggest deficits in the history of the country. In dollar terms, the four biggest.

Last year, the deficit was $319 billion. The Congressional Budget Office says if this budget is agreed to, this year the budget will be $371 billion based on the President's proposal. Actually, the proposal in the Senate is a little worse, at $371 billion. Is $371 billion more of a deficit than $319 billion or less? This is after their big deficit reduction plan. There is no deficit reduction.

What about going forward? What will happen going forward? Here is what will happen, going forward, to the debt of the country. They say the deficit will go down each and every year of this budget. Well, not quite. The last year they say it blips up a little. They claim the deficit will be going down. But, of course, they have left out some pretty big things. They have left out any war costs past 2007. They have left out any cost to fix the alternative minimum tax passed this year. Over 10 years, that costs $1 trillion to fix. That is a big item. They have left out the associated interest costs of those items,