

We believe in fiscal responsibility because history proves that it works, and we are convinced that massive deficits allowed to continue will undermine growth and weaken America's future. It is no different from your own personal bank accounts, how you take care of your home, your family. Sure, there may come times when you have to borrow money, but you need to pay it back. You can't have deficit-spending as far as the eye can see. How has the Republican Party gotten off on allowing these huge deficits to keep building?

The administration's budget it just gave us shows they are still trapped in an outdated and discredited ideology. Rather than accepting the need for discipline, President Bush's budget continues to reject the strong pay-as-you-go rules. What does this mean, pay-as-you-go? This is the rule we had in the Clinton years. What it means is that if you are going to lower taxes, you have to figure out a way to pay for it. If you are going to have a new spending program, you have to have a way to pay for it. You just can't borrow money, which is what has happened under President Bush. Pay-as-you-go rules during the Clinton years promoted fiscal responsibility.

Rather than reducing our debt, as the Democrats did under President Clinton, the Bush budget calls for an additional \$2.5 trillion in new borrowing, causing our debt to balloon to almost \$12 trillion. I am not making up these numbers. They come directly from the President's budget. The real numbers are even worse than those you find in the President's budget, which leads me to my second major concern about the President's budget—its refusal to be honest with the American people.

Let's begin with the cost of the Iraq war. While the President continues to resist bipartisan efforts to reverse the political and military course in Iraq, his own budget takes a very different approach. In fact, the budget contains \$50 billion only for the war in 2009 and nothing thereafter. Does that mean the administration really wants to pull the troops out? Of course not. They want to have it both ways—they want the war, but they don't want to pay for it. And their deceptive budget isn't playing it straight. It is not being honest.

The war costs, unfortunately, are only one example of the budgets deception. Their budget also uses rosy assumptions about expected revenues. In 2012 alone, the President assumes that revenue will be \$155 billion more than projected by the nonpartisan Congressional Budget Office. So instead of a rosy surplus, Bush's budget would run a huge deficit.

Beyond rosy assumptions, the budget also claims to reach balance by assuming deep future cuts in domestic priorities such as education. But how? Few details. Exactly which programs will be cut? No details. By how much? Not for sure. Few details. And who will be affected? The budget doesn't say. We know some.

Perhaps even more important than its debt and deception, the Bush budget is simply disconnected from the needs of middle-class America. Too many families today are struggling with stagnating wages and rising prices for everything from health care to the groceries we buy. That is certainly true in Nevada. But instead of developing new ways to meet these needs, the budget offers few, if any, new ideas that would help. In fact, many of its cuts would make matters worse. For example, the budget underfunds the State Children's Health Insurance Program which would jeopardize existing health coverage and leave millions of children uninsured. Its ill-conceived health proposal would threaten existing private health coverage and actually drive up premiums, the experts say. The budget cuts \$300 billion from Medicare and Medicaid and thus increases health care costs for many seniors. The budget cuts education by \$2 billion, and it even cuts programs that are important to veterans and police officers.

These cuts would have a major impact on many of my constituents and many of the Presiding Officer's constituents. Every State in the Union would feel the impact. There are already over 100,000 children in Nevada without health insurance. The Bush budget would increase that number. At the same time, its deep cuts to Medicare and Medicaid threaten about 300,000 Nevadans who rely on Medicare and 170,000 Nevadans who depend on Medicaid.

Unfortunately, at the same time the administration is cutting programs important to the middle class and the poor, they are insisting on spending hundreds of billions of dollars for handouts for multimillionaires. I know the administration generally believes that the very wealthy are the engine of economic growth. Democrats disagree. We believe the real engine of growth is a strong middle class, and we think it is wrong to burden middle-class taxpayers with the cost of massive spending for those at the top of the economic pyramid.

Consider the President's tax breaks for people with incomes over \$1 million. They are huge—more than \$150,000 a year if you make more than \$1 million. In 2008 alone, that cost will be \$50 billion. Who gets the \$50 billion? The millionaires, Mr. President, the millionaires. Think about that—\$50 billion. Where does it go? To the millionaires. At the same time he wants to cut education by \$2 billion, the President wants to spend \$50 billion on tax breaks for those with incomes over \$1 million. That is not just fiscally irresponsible and it is not just bad economic policy, it is wrong. It is just plain wrong.

Unfortunately, tax breaks for multimillionaires are only one example of the many special interest handouts in this budget we just got.

It contains wasteful royalties and tax breaks for oil and gas companies. This

industry is making more money this year than ever before, last year it was more money than ever before, and the year before it was more money than ever before.

It continues Medicare overpayments to HMOs and other managed care plans.

This budget grants drilling rights to Alaskan wilderness.

It continues tax breaks for multinational corporations that outsource jobs overseas, and remarkably it continues to call for the privatization of Social Security with the deep benefit cuts and massive debt.

These discredited and outdated policies will not promote economic growth, they will not strengthen the middle class or make our country a better place. On the contrary, they will weaken our Nation and make middle-class life harder.

We must do better. In coming weeks, led by our remarkable Budget chairman, Senator CONRAD, we will work together with our colleagues to produce a better budget; a fiscally responsible budget based on the philosophy that, yes, deficits do matter; a budget that returns the tough pay-as-you-go discipline of the 1990s and balances the budget using real numbers, not pretend numbers; a budget that puts the middle class first and starts to address the real problems facing working families, such as exploding health care costs and rising tuition; a budget that reflects the best of our core values, American values, and lays the groundwork for a strong and prosperous future.

Achieving such a budget won't be easy. Members on both sides of the aisle would have to work together and make some tough choices and compromises, and the President must be willing to rethink obsolete approaches and help move his party and our Nation in another direction.

But speaking for Democrats, while we know the challenge is great, we are going to try. It is my hope that in the end we can finally move toward a new fiscal policy that combines old-fashioned values of fiscal discipline with the new and forward-looking approach that puts the middle class first.

I ask my time not interfere with the time that has been set aside. Would the Presiding Officer remind me, do we have a certain period of time for morning business today?

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a transaction for morning business with Senators permitted to speak for up to 10 minutes each.

Mr. REID. I yield the floor.

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, there