

**Transcript of Statement by Senator Kent Conrad (D-ND)
at FY 2005 Budget Conference Meeting
March 31, 2004**

I don't think it will surprise anybody if we have, Mr. Chairman and Chairman Nussle, if we have a very different view of the budget proposals before us. I believe that these budgets represent a serious mistake for the country.

At a time of record deficits, these budgets only dig the hole deeper. There is more spending, there are more tax cuts, none of it paid for and the result is that it is all borrowed money. We're borrowing every penny from the Social Security Trust Fund over the next 10 years – \$2.4 trillion with no plan to pay it back. We're borrowing from Japan, from South Korea, we're borrowing all around the globe.

So I would say to my colleagues I don't think these budgets make sense. The Senate budget is a little bit better. It adds \$2.9 trillion to the debt over the next five years. The House proposal, like the President's proposal, adds \$3 trillion to the debt, all at the worst possible time right before the baby boom generation retires. And what we see when we extend the President's policies is an explosion of deficits and debt when the baby boomers retire and the full cost of the President's tax cut proposals are realized. That to me represents a serious mistake.

I would hope very much that before we're done that we do better. I would hope very much that we begin to focus on the very serious need to work, not just on the spending side of the equation although we must certainly do that, but to also look to the revenue side of the equation because it is the relationship between revenue and spending that creates deficits. It's not just spending, it's the relationship between spending and revenue.

And the hard reality is that revenue this year is going to be at its lowest level as a percentage of our national income in over 50 years. It's the revenue side of equation that has collapsed. Spending is up somewhat, but still well below the levels of the 80's and 90's. So I think if we're going to be objective about the problems that we face, we have to look at both sides of the equation.

I believe these deficits and the buildup of debt that are contained in these bills fundamentally threaten Social Security and Medicare and even our ability to defend ourselves in the future. So for those reasons, I will be in opposition to either of these budgets that have been proposed. I still entertain some hope that at the last moment here, because of the persuasiveness of what I have said, there will be an epiphany and a dramatic change in direction. But we understand, the majority has the votes.

The one final pitch I would make to you, Mr. Chairman, and our colleagues from the House, is the pay-go provisions. We had in place for many years, and I think it was very helpful in our ability to discipline both spending and on the revenue side, pay-go provisions that made it more difficult to add new spending or new tax cuts. You could do it, but you had to have a supermajority.

I would say to the Chairman on the House side, nobody violated any rules in the Senate. The rules provide that you can have new tax cuts or you can have new spending, but only if you muster a supermajority, and that's exactly what the Senate did. It mustered a supermajority. But we ought to add that budget discipline of requiring people to produce a supermajority if they want new spending or new tax cuts when we have record deficits and deficits that are as far as the eye can see.

Let me just say in conclusion, again I don't see under either of these plans that the deficits really are reduced. Maybe in a technical sense, but if I look at the amount added to the debt, I see almost no change in the five years. The debt is going to increase this year by over \$600 billion and there's not any meaningful improvement during the whole five years. That's why you have \$3 trillion being added to the debt under the House plan; \$2.9 trillion being added to the debt in the Senate plan.