

**Transcript of Floor Statement by Senator Kent Conrad (D-ND)
on Feingold Pay-go Amendment to FY 2006 Senate Budget Resolution
March 16, 2005**

I thank the Senator from Wisconsin. He has been the leader on pay-go and budget discipline that says no spending and no tax cuts. You can have them, but you have to pay for them. There is a novel idea around here. You have to pay for them.

Our colleague from Arizona indicated this concept -- that if you cut taxes, you get more money. The only problem with that concept is it doesn't work in the real world. It is a wonderful idea. I wish it were true. But it isn't true.

Here is what happens with revenues as a percent of our national income. In 2000, we were getting 20.9 percent of gross domestic product in Federal revenue. We passed a series of tax cuts, and what happened to revenue? It plunged to the lowest since 1959.

That is what happened when we cut taxes. We got less revenue. The revenue side of the equation simply dropped out. That is why the deficits have exploded.

I can remember so well back in 2001 when the Congressional Budget Office told us the range of possible outcomes on the deficits was expressed by this chart, which I call the fan chart. This was what would happen on the low end of their forecast, and this is what would happen on the high end. They chose the midrange, as did the President, which told them we were going to get \$5.6 trillion of surpluses over the period.

When I said to my Republican colleagues, let's not be so sure of that, let's not bet the farm on that, they assured me: Kent, you are being much too conservative. Don't you understand with the tax cuts we are putting in place we will get much more revenue? We are not going to be at the midpoint of the range, we will be above the midpoint of the range.

We can go back now and look at what actually happened. Here is what actually happened. We are not at the bottom of the range, we are below the bottom. Here is what happened in reality: we are way below the bottom.

All these tax cuts, what did they lead to? They led to less revenue, and coupled with the increases in spending for defense and homeland security as a result of September 11, the deficits exploded.

Here is what has happened: our Republican colleagues, who used to be fiscally conservative, have now become borrow-and-spend advocates. They have no intention of doing anything about these budget deficits except add to them. Here is what that policy has achieved: record budget deficits.

The question of pay-go, which is the budget discipline we had back in the 1980s and 1990s that helped us turn record deficits at that time into record surpluses, pay-go is a budget discipline that has worked, and the budget discipline that was in effect then is the budget

discipline being offered by the Senator from Wisconsin now.

This is the Federal Reserve Chairman on the question of restoring real pay-go. Congressman Spratt on the House side asked: "Is it still your position that if we renew the paygo rule it should apply to both; that if we have tax cuts including the renewal of the expiring tax cuts in 2010, that these should be fully offset?" Chairman Greenspan: "It is still my position. That we have some form of paygo system, which is agreed upon by the Congress, in my judgment, is the overriding consideration here, because, as you point out, it's been quite effective in actually stemming budget inefficiencies and expansion during a period that it was law."

Federal Reserve Chairman Greenspan: "All I'm saying is that my general view is I would like to see the tax burden as low as possible. And in that context, I would like to see tax cuts continue. But, as I indicated earlier, that has got to be, in my judgment, in the context of a paygo resolution." When further asked, the Chairman made clear a pay-go approach that applies to both spending and to taxes.

The pay-go ledger in the Senate GOP budget allows massive deficit increases. It allows a \$33 billion increase from 2006 to 2010. It allows almost a \$260 billion increase in deficits in the period 2011 to 2015.

Finally and in conclusion, the Republican budget before the Senate is advertised as cutting the deficit in half over the next 5 years. But the Republicans own budget document shows something quite different from their assertions. On page 5 of the Republican budget document they provide their forecast of how the debt will increase every year for the next 5 years. Here is what it shows. A \$669 billion increase in the debt this year, a \$636 billion next year, \$624 billion the year after that, \$622 billion in the fourth year, and \$611 billion in the fifth year.

Those are the Republican estimates of the increase in debt if we pass their budget. That is a \$3 trillion increase in the debt of the United States if this budget is passed. There is nothing in there that is going to protect us from massive increases of deficit and debt.

The opportunity to be fiscally disciplined is the opportunity offered in the amendment of the Senator from Wisconsin. I urge my colleagues to support it.