Transcript of Opening Remarks of Senator Kent Conrad, D-ND,
at Mark-Up for the Concurrent Resolution on the Budget for FY2006
March 10, 2005

Let me just say, we have looked at this budget. We see that this budget increases the deficits. It doesn't reduce them. Compared to the baseline by the Congressional Budget Office, this budget actually increases the deficits by $130 billion over five years. And in 2006, it increases the deficit by $63 billion.

More serious, as we look at this budget, I know the assertion is that it cuts the deficit in half over five years. We reach quite a different conclusion because there are things left out like additional war cost, like alternative minimum tax, and it's not counting the money that is being taken from the Social Security trust fund and other trust funds. So on an operating basis, this is what we see the deficits looking like: 2006 $587 billion; 2007 $583 billion; 2008 $582 billion; again $582 billion in 2009; 2010 a tiny improvement to $569 billion. Those are the actual operating deficits. Those are the amounts that the debt will be going up.

It is interesting what has happened in this town. There's talk about deficits. Nobody wants to talk about the debt. The debt under this proposal would skyrocket. This is what we see happening to the debt. Remember back in 2001 the President said he was going to have maximum pay down of the debt. He said by 2008 there would only be $36 billion of debt left. Now what we see is something quite different. By 2008, if this is adopted, publicly held debt in this country will be almost $6 trillion. So this is not a budget that addresses soaring debt. This is a budget that contributes to the soaring debt, and at the worst possible time.

If we look back historically, go back to 1980, the red line is the spending line, the green line is the revenue line. We can see that we had this golden moment in the late '90's when we were running surpluses and stopped using Social Security funds for other purposes. But then spending increased. We all know why, as a result of the attack on the country, defense spending went up, homeland security spending went up. But look at what happened to the revenue line. It collapsed. Last year, we had the lowest revenue as a percentage of our national income since 1959.

Yesterday, the Chairman said revenue is increasing. Indeed, it is. But it is increasing off a very low base. And what we see going forward is this continuing gap between spending and revenue. What's especially serious about this is this gap is occurring at the worst possible time, right before the baby boomers retire.

The tax cuts that the President is proposing explode as the trust fund cash surpluses become deficits. This is what I see as the tragic mistake of the President's plan. The green bars are the Social Security trust fund – they're running surpluses now. The blue bars are the Medicare trust funds – they're running slight deficits now. The red bars are the cost of the President's tax cuts. And just as the trust funds turn cash negative, the cost of the President's tax cuts explode, taking us right over the cliff of massive deficits and massive buildup of debt.

My colleagues are just turning a blind eye to all that with this budget. This budget runs massive operating deficits, each of the next five years with no significant improvement. The only way they get reduction in deficit is that they leave things out and they forget about the money they're taking from the Social Security fund, all of which has got to be paid back. The result is operating deficits that are virtually unchanged for the five years of this budget resolution. And again, right before the baby boomers retire.

This is a budget that is not facing up to the significant challenges facing the country. The rhetoric faces up; reality does not. The reality of these budgets is to just stack debt on top of debt, and at the worst possible time.

I thank the Chair for the chance to give our view.