

**Floor Statement by Senate Budget Committee Chairman
Kent Conrad (D-ND) on Increasing Federal Debt Limit
September 27, 2007**

The Senate is now considering a measure to further increase the Federal debt limit. This is further confirmation of the Bush administration's failed fiscal record. It represents now the fifth time the President has come to Congress asking for more debt.

We all know we have no choice in this matter. These are debts that have already been accrued. The question before us is: Do we pay the bills of the United States or do we fail to do so? If we failed to cover our borrowing, if we failed to pay the bill, the creditworthiness of the United States would be called into question and there would be a run on the dollar. There would be economic chaos. So we have no choice, and I hope that colleagues on both sides will take up this responsibility.

We all remember that when the Bush administration came into office, the President said this: "My budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren."

That is what the President told us then. We are now able to look at the record. What we see is quite different from what he asserted then. Instead of paying down the debt, the debt has exploded on his watch. Here are the increases in the debt that have been enacted and requested by this President.

First of all, perhaps it is instructive to go back to the period 1998 to 2001, during the previous administration, when there were no increases in the debt. In fact, we were paying down the debt. Then, in 2002, this President asked for and got a \$450 billion increase in the debt limit; followed in 2003 by the largest increase ever, \$984 billion; followed by \$800 billion in 2004, \$781 billion in 2006, and now, this year, another \$850 billion. This is the debt President. The debt limit of the United States will have been increased, under his direction, by almost \$4 trillion.

This chart shows the dramatic deterioration in the budget picture under the fiscal policies of this President. We were in surplus. In fact, we had even stopped, under the previous administration, taking Social Security funds to pay other bills. Under this administration, the deficit skyrocketed and the debt has grown geometrically.

Despite all the assertions of fiscal responsibility, this President has increased Federal spending from \$1.9 trillion to \$2.7 trillion a year, an increase of nearly 50 percent.

On the war alone--and this puts in perspective the war costs--you will recall the President told us that the war would cost \$50 billion. We are at \$567 billion and counting. Now we hear of a request for another \$42 billion on top of the \$147 billion that was allocated this year.

President Bush has indicated and his administration has told us that we should expect a “Korea-like” presence in Iraq. Here is what this would mean, according to the Congressional Budget Office. So far, the war in Iraq and Afghanistan has cost \$567 billion. CBO tells us a “Korea-like” presence would mean an additional \$1 trillion in the period 2009 to 2017, and from 2018 to 2057, another \$1 trillion, for an addition of \$2 trillion to the \$567 billion already committed. So the war that was supposed to cost \$50 billion is now headed for \$2.5 trillion, if we maintain a “Korea-like” presence, as called for by the President.

On the revenue side of the equation, where we hear so much from our colleagues about the dramatic improvement in revenue, what you will notice in all of their charts is they just look at the last couple of years. They don't look back to when this administration started. But what you see is real revenues, adjusted for inflation, were \$2.03 trillion back in 2000. This year, real revenues are \$2.13 trillion. Revenue has been basically stagnant in this country for 6 years.

So when you dramatically increase spending and revenue is stagnant, guess what happens. The debt soars. That is precisely what has happened under this President--from \$5.8 trillion in 2001 to a now anticipated \$8.9 trillion at the end of this year. This President has run up the debt in a record way. He truly will claim the mantle and the legacy as the debt President.

Not only has he dramatically run up our debt domestically, he has also dramatically increased foreign holdings of our U.S. debt. When he came into office, there was just over \$1 trillion of U.S. debt held abroad. In other words, it took 42 Presidents 224 years to run up \$1 trillion of U.S. debt held externally. This President has more than doubled that amount in just 6 years, to almost \$2.2 trillion.

The result of all of that is we now owe Japan over \$600 billion, we owe China over \$400 billion, we owe the United Kingdom over \$200 billion, we owe the “oil exporters” over \$100 billion, and on and on it goes. We are now truly in need of the kindness of foreigners because if they do not float this boat, if they don't provide the financing for this debt, the United States would be in even deeper trouble. Can you imagine if all of a sudden the Chinese, the Japanese, the British, and the rest decided not to extend us additional credit, additional loans? The interest rates in this country would jump. It would put us into a recession, and we would be in deep trouble. So we are in debt and we are beholden and we are dependent on the kindness of strangers.

Here is what the head of the Federal Reserve has warned us on the danger of growing debt. He said this before the Senate Budget Committee on January 18: “Ultimately this expansion of debt would spark a fiscal crisis which could be addressed only by very sharp spending cuts or tax increases or both [T]he effects on the U.S. economy would be severe. High rates of government borrowing would drain funds away from private capital formation, and thus slow the growth of real incomes and living standards over time.”

The recklessness of this administration in managing the fiscal affairs of this Nation is clear and compelling. It could not be more apparent. Tonight is one more confirmation of the disastrous consequences of the fiscal policy of this President. He is the debt President. With the

action that will be required to be taken tonight, he will have added nearly \$4 trillion to the debt position of our Nation. That is a sad legacy, and future generations are going to pay an enormous price for this profligacy--spending without a willingness to pay for it, simply putting it on the charge card, shoving the debt off to future generations, and all the time claiming to be fiscally responsible.

The actions of Congress tonight, responding to the request of the President to once again expand the debt limit by hundreds of billions of dollars--in fact, tonight, by \$850 billion in one fell swoop--should tell us all we must have a new direction for the fiscal course of this country.