

Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)
During Debate on FY 2008 Budget Conference Agreement
May 17, 2007

I detect the Senator was blushing a bit when he suggested at the beginning of his statement that his party is the party of fiscal responsibility. Wow. That is breathtaking. Their party is the party of fiscal responsibility?

Let us look at what has happened on their watch when they controlled everything. They controlled the House, they controlled the Senate, they controlled the White House. Here is what happened to the debt on their watch.

They have built a wall of debt that is going to take us a generation to recover from. When this President came to office, at the end of his first year -- we won't hold him responsible for the first year, although he inherited balanced budgets -- the gross debt of the United States stood at \$5.8 trillion. At the end of this year, it is going to be \$9 trillion. So they have run up the debt \$3 trillion in 5 years. If the President's plan is followed, in the next 5 years they are going to run it up to \$12 trillion.

Their claim that they have been fiscally responsible is unfortunately contradicted by the facts. They talk about the performance of the economy. Let's look at the performance of the economy.

We have looked at what happened in this recovery compared to the nine previous recoveries, major recoveries since World War II. Here is what you find. Under this recovery we are running, on revenues, \$127 billion short of the typical recovery since World War II.

On job creation, in the first 75 months, the previous administration, the Clinton administration, created 18.7 million jobs. In this administration for the same period, 5.2 million. The Clinton administration produced three times as many jobs.

On job creation compared to the nine previous recoveries since World War II, they are 7 million private sector jobs short of what has happened in the typical recovery.

On business investment, again, compared to the nine recoveries since World War II, they are 69 percent below the typical recovery since World War II.

When he talks about this burst of revenue under their fiscal management, you will notice that all his charts start in the year 2004. They forgot about 2001, when they were in charge; 2002, when they were in charge; 2003, when they were in charge. In fact, if you look back on the revenue of the United States, here is what you see. Tell the American people the whole story, not just the bits and pieces they talk about. Back in 2000, the revenue base of the United States was just over 2 trillion dollars. It has taken us until last year, it has taken us 6 years to get back to the real revenue base this country had in 2000.

Let's look at their record. The simple fact is, they increased spending -- and they controlled every dime that was spent here. They increased spending by more than 40 percent. They stagnated the revenue base. The result was an explosion of debt. That is their record, and it is indelibly etched in the history of the country. Unfortunately, we are going to pay a long time.

Mr. DORGAN. Will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. DORGAN. Mr. President, regarding the first chart the Senator used, which showed the steps of additional debt, I was intrigued, as I was walking through the Chamber, to hear our colleague from New Hampshire say, "This is your money." I understand the origin of that comment. The implication is we don't have to fund schools and roads and law enforcement and defense and so on.

We all have some responsibility to the country, so part of the money has to go to the Federal Government or State governments to pay for that. But when he says, "This is your money," should he not also, when you hold up that chart, say to the American people: This is your debt? Isn't it the case that in the years in which they ratcheted up that debt by spending money and not asking for the revenue for it, they are saying to the American people: We will load you up with some debt, and by the way, this is your debt. You pay it later. We will probably be done, but you pay it later. Shouldn't that be the second verse to that song?

Mr. CONRAD. What they should say is they have become the party of borrow and spend -- because they spent the money. They increased spending more than 40 percent, but they didn't pay for their spending. Instead, they put it on the charge card, and they have run up the debt in a way that is unprecedented in American history.

They will have doubled the debt of the country and doubled foreign holdings of our debt. I have another chart that shows it took 224 years and 42 Presidents to run up \$1 trillion of U.S. debt held abroad. This President has more than doubled that amount in 6 years. That is the record. They can't run away from it because they own it.

When they say there is this huge tax increase -- please. This is what the President said he was going to raise in taxes, \$14.826 trillion. Here is what we raise, \$14.828 trillion -- virtually no difference.

That is what the President said his budget would raise. CBO has a little different take on it, the Congressional Budget Office. They show a difference, over the 5 years, of 2 percent; that we have 2 percent more money than they are proposing. The important thing about this budget -- we all know we are going to write another budget next year -- is what is the difference for revenue this year between our budget and the President's budget. Do you know what it is? Zero -- nothing. No difference. Where is this big world-class tax increase they are talking about? You certainly can't find it in the budget.

When he talks about spending, here is what has happened to the spending under our budget. They are the ones who ran up the spending, increased it 40 percent. We are talking about spending as a share of gross domestic product, down each and every year under this budget; from 20.5 percent of GDP in 2008 down to 18.9 percent of GDP in 2012.

We are turning the corner on debt. They have had it explode on their watch. We are turning the corner and starting to take debt down as a share of GDP.

I heard a lot of talk about this big increase in spending. Where are the increases that are in our budget? First of all, we increase the funding for veterans health care by \$6.7 billion over last year. I am proud of it because we are going to keep the promise that was made to our Nation's veterans that they were going to receive quality health care. We have seen the scandal of the veterans being mistreated at Walter Reed under this administration, on their watch, when they were in charge. We are going to fix the problems in veterans health care by putting money where the speeches are.

On education and training, we increase by \$3.6 billion because we understand that investment in our kids' education ought to be a top priority.

On justice and law enforcement, we add \$3 billion because we are not going to cut the COPS program 94 percent and take police off the street when those additional 100,000 cops all across America have helped us reduce rates of crime. The President inexplicably says cut the COPS program 94 percent. We have rejected that proposal. We say keep the police on the street. Let's keep our streets safe.

On health care, we can begin to ensure the children of America, provide them with health insurance.

When we look at the reasons for the increases in spending under the budget resolution, 34 percent is because of defense and war cost; 25 percent is because of Social Security and Medicare. That is no change that we have made. It is simply the increased cost of those programs.

We also have a 7-percent increase in veterans' benefits and services, to take care of veterans health care.

Net interest up 10 percent. That is nothing we did. That is the debt that this President has run up. We have to pay the bill.

When they talk about this big increase in spending, do you know what it is? It is 2.6 percent. We have added 2.6 percent over the baseline to address veterans health care, to address the Nation's needs in education and health care of our kids. That is exactly what the American people expect and want us to do.

He says the tax cut will never come about. We have the middle-class tax cuts and estate

tax reform in this proposal. He says none of it will ever happen because of the trigger. The way the trigger works, the Office of Management and Budget, controlled by the President, tells us what they expect the surplus to be in 2012. We can only use 80 percent of it for tax cuts. That is the way the trigger works.

Under the current scoring by OMB, there is sufficient room, as this chart shows, to fund all the tax cuts that are in this budget, all the middle-class tax cuts and the estate tax reform. Under current Office of Management and Budget scoring, if you take 80 percent of their projected surplus in 2012, their projected surplus, or 80 percent of it, in 2012 is \$232 billion. The cost of the tax cuts is \$180 billion. We can fund the tax cuts that are provided here, that go to hard-working, middle-class families, exactly where they ought to go.

He says we are raiding Social Security. He forgot how we got into this position. We got into this position because this President chose to provide tax cuts to the wealthiest among us instead of protecting Social Security. Under the President's plan, he is going to take, from 2008 to 2017, \$2.5 trillion of Social Security funds to use it to pay other bills.

Let me say this. If anybody tried this in the private sector, what the President is doing, they would be on their way to a Federal institution, but it would not be the Congress of the United States, it would not be the White House, they would be on their way to the "big house." That is a violation of Federal law.

But, unfortunately, they have dug the hole so deep it is going to take us time to dig out of it. That is exactly what we have done under this budget because, unlike them, we have balanced the budget by 2012. Unlike the President, who even now has not balanced the budget by 2012 -- under his proposal, we would still be \$30 billion in the red by 2012. We balance the budget by 2012 and have a \$41 billion surplus. That is a real American value, paying your bills.

When they say their tax relief has somehow magically benefitted the middle class at the expense of the most wealthy among us -- whoa, there is a whopper. Here is what happened. The millionaires of our society -- and I have respect for those who have succeeded. I applaud them. I am delighted at their success. I hope everybody is financially successful. But when they somehow say the middle class has been the ones who have gained by their tax policy and not those at the highest end of the income ladder, come on. I don't know whom they think they are fooling with that one.

Here are the facts. This is according to the Urban-Brookings Tax Policy Center. Those earning more than \$1 million in 2006 -- this is not a projection, this is what happened in 2006 -- those earning over \$1 million a year got, on average, a tax cut of \$118,000. Those earning between \$100,000 to \$200,000 got \$3,700 dollars. Those earning less than \$100,000 got less than \$700. Please. There is no question who are the primary beneficiaries of these tax cuts. It has overwhelmingly gone to the wealthiest among us.

I am not being critical of the wealthy. I absolutely applaud their success. One of the great things about America is if you work hard and you are inventive and entrepreneurial, you

can succeed. That is a great thing about America. We want to preserve it. One of the ways we preserve it is to pay our bills and quit running up the debt and quit running these massive deficits. That is why we worked hard to balance this budget by 2012. The President, even now, has not presented a plan that balances by 2012.

I have already talked about the things that are done within the long term. We have these reserve funds that were in our budget. But let's reflect -- our friends on the other side, they criticize reserve funds. Here are all the reserve funds they had in their budget, reserve fund after reserve fund, and they criticize the ones that are in our budget? Please. That is the pot calling the kettle black.

Finally, with respect to the long term, I have said repeatedly, this is one place where Senator Gregg and I entirely agree. We have to tackle the long-term entitlement challenges -- absolutely. The only way that is going to happen is bipartisan agreement. Neither party can tackle the long-term challenges on their own. This is a 5-year budget resolution. Our long-term entitlement plan problems are 10- and 15-year problems.

The sooner we deal with it the better. But the budget resolution is not going to be the place because only one party is carrying the burden there. It has got to be a joint agreement between the two parties. That is why, along with Senator Gregg, he and I have proposed a plan to give, to empower, 16 Members -- 8 Democrats, 8 Republicans -- the responsibility to come up with a long-term plan that would be dealt with separate from a budget resolution.