

**Floor Statement by Senator Kent Conrad (D-ND)
on Line Item Rescission Authority Amendment
January 10, 2007**

This is one of the all-time worst ideas to be brought to the Chamber. First, it has no place on this bill. This bill is about ethics reform. What our colleagues have brought is a budget matter, without taking it to the Budget Committee first, without hearings, without a chance for review, without a recommendation. As a result, it is subject to a budget point of order which, if other action is not taken, I will be constrained to raise at the appropriate time.

Why do I say this is a bad idea? Because it has virtually nothing to do with budget discipline, and it has virtually everything to do with increasing the power of the President. That is what this is about.

I hope colleagues understand that this provision, if adopted, would actually undermine the chances to do something about our long-term fiscal imbalances. People listening may wonder: How can that be? How can the line-item veto in any way endanger a long-term agreement on entitlements? Let me say why.

Tucked away in this little legislative offering that has been casually brought to the floor without going through the Budget Committee first are provisions that would allow the President to target any agreement reached on a long-term solution to our entitlement challenges. So we could have -- and we are working to achieve now -- a long-term agreement to face up to the demographic tsunami that is coming at us. We could engage all of this year in resolving those matters in a bipartisan way -- Democrats and Republicans working together -- and then the President could come in the backdoor and cherry-pick those provisions with which he disagrees.

If my colleagues want to undermine the negotiation, the bipartisan negotiation that needs to occur here on long-term entitlements, if they want to endanger that enterprise, adopt this amendment, hand that power to the President. If they want to instead engage in a serious negotiation, forget about this amendment, and let's get about the work of preparing a plan to deal with our long-term fiscal challenges. But if anybody thinks we are going to enter into a seriatim negotiation in which we first negotiate in good faith on both sides to achieve a long-term solution and then we hand the President the ability to come and cherry-pick the whole thing, forget it. That is not going to work.

We already know what the President's policies have done to our fiscal outlook. The deficits on this President's watch have exploded. He inherited a balanced budget. He promptly put us in deficit and then in record deficits for 2003 and 2004, 2005, the third worst deficit in our history, and some improvement last year.

These have been enormous deficits and deficits that understate the problem because last year while the deficit was \$248 billion, the addition to the debt was \$546 billion. I find when I talk to my constituents that they are very surprised by this enormous difference between the size

of the deficit and the additions to the debt. The biggest reason for the differences is the \$185 billion of Social Security money that was taken last year to pay other bills.

I have said to my constituents: If anybody tried to do this in the private sector -- tried to take the retirement funds of their employees and use it to pay other operating expenses -- they would be on their way to a Federal institution, but it wouldn't be the Congress of the United States, it wouldn't be the White House. They would be headed for the big house because that is a violation of Federal law.

The combined result, in terms of our debt, of these fiscal policies has been to increase the debt of the country by more than 50 percent through last year, and we are headed for another \$3 trillion of debt over the next 5 years if the President's policies are pursued. That is a combination of increases in spending and reductions in revenue.

On the spending side, the President inherited a budget that was spending about 18.4 percent of GDP. We are up to 20.4 percent of GDP last year. This is a very significant increase in spending and, of course, revenue has stagnated.

Only last year did we get back to the revenue base that we had in the year 2000. While there has been significant revenue growth in the last 2 or 3 years, even with that we are only now back to the revenue base we enjoyed in 2000.

On the question of whether this line-item rescission is going to make a difference with respect to the deficit, here is a *USA Today* editorial from last year on the line-item veto. The editorial states: "...[T]he line-item veto is a convenient distraction. The vast bulk of the deficit is not the result of self-aggrandizing line items, infuriating as they are." And make no mistake, I am for disciplining the notion of these line items, these individual items that Members stick into appropriations bills. Senator McCain and I had a legislative proposal last year to discipline that process. The line-item veto before us makes very little difference. "The deficit is primarily caused by unwillingness to make hard choices on benefit programs or to levy the taxes to pay for the true cost of government."

This is the *Roanoke Times*, a newspaper in Virginia, from last year. They pointed out: "...[T]he president already has the only tool he needs: The veto. That Bush has declined to challenge Congress in five-plus years is his choice. The White House no doubt sees reviving this debate as a means of distracting people from the missteps, miscalculations, mistruths and mistakes that have dogged Bush and sent his approval rating south. The current problems are not systemic; they are ideological. A line-item veto will not magically grant lawmakers and the president fiscal discipline and economic sense."

They are not alone in that assessment. Here is the previous CBO Director. He is actually still the CBO Director, will be until his successor takes office some time later this week or perhaps some time next week. Here is what he said: "Such tools, however, cannot establish fiscal discipline unless there is a political consensus to do so.... In the absence of that consensus, the proposed changes to the rescission process...are unlikely to greatly affect the budget's bottom

line.”

Not only do newspaper editorialists and the CBO Director cast doubt on the significance of this with respect to the question of fiscal discipline, Senator Gregg said this last year: “Passage of [the line-item veto] legislation would be a ‘political victory’ that would not address long-term problems posed by growing entitlement programs.”

The Budget Committee chairman also said: “...it would have ‘very little impact’ on the budget deficit.” He was being a truth-teller then, and I think it is the truth now.

George Will, the conservative columnist, made this point: “It would aggravate an imbalance in our constitutional system that has been growing for seven decades: the expansion of executive power at the expense of the legislature.”

Those are words. Let me put it into a real-life example. If we give this power to the President, what is to prevent him from calling up Senator Conrad and saying: You know, Senator, I know you represent a State that is rural. I know that rural electric cooperatives are critically important to delivering electricity in your rural areas. I know you have a provision in a recent appropriations bill that would address safety concerns on those systems. You know, we are looking at the line-item rescission package that I might be sending up, and I would like to be able to help you on that proposal you have to improve the safety of rural electric systems, but, you know, separately I have a judge who is coming up for confirmation. I know you have said some harsh things about that judge, that you don't want to approve him. I don't want to suggest in any way these things are linked, but, Senator, I need your help on the confirmation of that judge. Separately -- I don't want to connect these two at all -- I also am reviewing this package of rescissions and would very much hope I wouldn't have to include your provision to make rural electric systems in your State more safe and more secure.

I think I would get the message. That is exactly what we don't need: to hand more power to this President; frankly, as far as I am concerned, to hand more power to any President, more power to put leverage on individuals in the Senate and the House to bend to the will of the White House. They already have enough power down there.

American Enterprise Scholar Mr. Ornstein said this about the line-item veto: “The larger reality is that this line-item veto proposal gives the President a great additional mischief-making capability, to pluck out items to punish lawmakers he doesn't like, or to threaten individual lawmakers to get votes on other things, without having any noticeable impact on budget growth or restraint. More broadly, it simply shows the lack of institutional integrity and patriotism by the majority in Congress. They have lots of ways to put the responsibility of budget restraint where it belongs -- on themselves. Instead, they willingly, even eagerly, try to turn their most basic power over to the President. Shameful, just shameful.”

I think it is shameful. More than shameful, this, I believe, is a fundamental threat to the negotiation which must occur in this body and in the other body and with the President of the United States. That is a negotiation on the long-term fiscal imbalances of this country, including

Medicare, Social Security, Medicaid, and the structural deficit as well.

If we are to engage in good faith on that negotiation, we simply can't be subject to a circumstance in which once that negotiation is completed, the President is free to cherry-pick which part of the deal he will allow to move forward. That would completely undermine the ability to have this negotiation.

Let me just end by making these points. One, this proposal represents an abdication of congressional responsibility. Two, it shifts too much power to the executive branch with little impact on the deficit. Three, it provides the President up to a year to submit rescission requests - up to a year. It requires the Congress to vote on the President's proposals within 10 days. It provides no opportunity to amend or filibuster proposed rescissions -- no opportunity to amend. Sometimes I really don't know what our colleagues are thinking. It allows the President to cancel new mandatory spending proposals passed by Congress such as those dealing with Social Security, Medicare, veterans, and agriculture at the very time we are poised to enter into a negotiation on those very matters.

If there were ever an ill-considered amendment, inappropriate to the underlying legislation, this is it. I urge my colleagues to either support a budget point of order against this matter because it violates the budget rules very clearly or support a tabling motion to get on to the business of passing this ethics reform proposal. But to mix budget issues with ethics reform has the entire matter confused and fundamentally threatens the opportunity to do what must be done, which is for Democrats and Republicans together to consider long-term entitlement reform.

I thank the Chair, and I yield the floor.