Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND) on Voting Against Confirmation of Congressman Jim Nussle as OMB Director
September 4, 2007

We are now considering the nomination of Congressman Jim Nussle to be the next Director of the Office of Management and Budget. I will vote against the confirmation of Mr. Nussle. I have informed him this morning that I would cast that vote.

I do not make this decision lightly. I like Jim Nussle. I worked with him when he was the House Budget Committee chairman. We have always had a good personal relationship. But this goes beyond a personal relationship; this is a question of the fiscal policy of the United States.

Congressman Nussle would be quick to tell you that he has been an architect of this fiscal policy. Of course, the key architect has been the President of the United States, but Mr. Nussle has been a strong ally of the President in constructing this fiscal policy. I believe it is a profound mistake for this country and one that simply must be changed. To send a signal, I will cast my vote in opposition to the confirmation of Mr. Nussle.

Let me say, I voted to move his nomination through the Budget Committee. I said at the time that he is clearly qualified, which he clearly is. He is, after all, the former chairman of the House Budget Committee. But this is a question of what policy do we pursue for the future. Congressman Nussle has indicated that in fact he is proud of the policy that has been put in place. That is where we profoundly disagree. I believe this is a consequential vote, to send a signal on what we believe the fiscal policy of the United States should be, going forward.

Here is the record. When the President came into office he inherited a surplus. In fact, there was a projected surplus at the time of almost $6 trillion over the next 10 years. We all know what happened. The President turned that into massive and record deficits, in fact, the largest deficits in our history. Part of that was because the President increased spending and increased it rather dramatically. He increased it from $1.9 trillion a year to $2.7 trillion, almost a 50-percent increase.

We know Iraq was one part of that. He told us at the time that he engaged our forces in Iraq that that would cost about $50 billion; the whole enterprise in Iraq would cost some $50 billion. Instead, we are at $567 billion and counting. He reportedly will ask for another $50 billion, which would take us over $600 billion committed to Iraq, 12 times the President's original estimate.

At the same time that spending has gone up dramatically, revenues of the country have basically stagnated and stagnated over a six- or seven-year period. Going back to 2000, you can see that real, inflation-adjusted revenues of the United States were just over $2 trillion. We didn't get back to that amount until last year. This year we are anticipating $2.13 trillion in real revenue.

Spending is up dramatically. Real revenue has stagnated. The result is deficits and debt have soared and that is precisely what has happened. Here is the debt of the United States during this period. We have gone from $5.8 trillion at the end of the first year of the President's time in office to $8.9 trillion in 2007. That is a stunning increase in debt.

Unfortunately, increasingly it is financed from abroad. This is foreign holdings of U.S. debt. You can see we have gone from a combined total when this President took over of just over $1 trillion of U.S. debt held by foreign entities, and look what has happened during this six years of this administration. He has more than doubled foreign holdings of our debt.

Some of our friends will say that is a sign of strength. I don't know in whose mind that is a sign of strength. Owing more countries more money doesn't strike me as a sign of strength. In fact, here is the list of the 10 top holders of U.S. debt. Japan we now owe over $600 billion; we owe China over $400 billion; we owe the United Kingdom almost $200 billion; we owe the "Oil Exporters" $120 billion; we owe Brazil, Luxembourg, Hong Kong, Taiwan, South Korea and -- my favorite -- the Caribbean Banking Centers. We owe them almost $50 billion as of now.

I am always amused to hear our colleagues say they have done this with a tax policy that has increased the progressivity of the tax system. I don't know what calculation would lead you to that conclusion. The fact is, in 2006 alone, those earning over $1 million a year got on average a tax cut of almost $120,000 -- for that year alone. Somebody earning less than $100,000 got less than $700 in tax cuts.

Again, those earning over $1 million a year -- and I have nothing against people being successful financially. I am all for it. I wish the success of this country were more broadly shared. That would be a good thing. That would be a positive value. But I must say our friends on the other side are incredibly focused on helping the very wealthiest among us, so they chose a tax policy that gave, on average, to those earning over $1 million a year a tax cut approaching $120,000 in 1 year. That is not my idea of broadly shared tax policy, or one that is fair and equitable.

In fact, we know the cost of the President's tax cuts for 2007 alone, according to the Congressional Budget Office, is $205 billion. That is more than the projected deficit. So for this year the President's tax cuts that go overwhelmingly to the most wealthy among us are totally and completely responsible for the deficit.

The President's answer is more tax cuts. Here is what we are told will happen if the additional tax cuts the President is seeking and the current tax cuts are extended. The additional debt that will result is the red part of this chart. The green part of the chart is the debt if the tax cuts expired or are paid for.

I heard our colleagues on the other side say the budget passed by the Democrats had big tax increases. No, it did not. There was no assumption of a tax increase of any kind in the budget we passed. In fact, we had very dramatic tax relief, tax relief for middle-class taxpayers, the continuation of the middle-class tax cuts, as well as estate tax reform. We assumed that things would be paid for -- not with tax increases but by closing tax loopholes, by going after the tax gap -- the difference between what is owed and what is paid -- by closing down abusive tax shelters. That is precisely what we ought to be doing in this country to stop the tax scams that have exploded.

I have also heard that the economy is performing splendidly. The problem with that is if you compare this recovery to the nine previous recoveries since World War II, what you see is dramatic underperformance. In fact, if you look at real revenues you find we are $86 billion short of the typical recovery since World War II.

If we look at job creation, we see we are lagging behind the typical recovery since World War II by 7.6 million private sector jobs.

On real business investment, the pattern is the same. We are 63 percent behind the typical recovery since World War II, in terms of real business investment.

In terms of economic growth we see the same pattern. The real GDP average annual growth during the nine previous business cycles, the nine previous recoveries since World War II, is 3.4 percent; this recovery, a tepid 2.5 percent. This is not an economic record one can be proud of or be talking about in very positive terms because it is an economic recovery that has been among the weakest of the nine major recoveries since World War II.

Here is what happens to spending under our budget resolution. We take it from 20.5 percent of GDP this year down to 18.9 percent. This is a fiscally responsible budget.

With respect to the budget resolution and the difference between it and the President's plan, we have only one percent more spending than the Bush budget -- one percent. And where did that additional spending go? We put it into veterans' health care, children's health and education. Those ought to be the priorities for this country -- to take care of the veterans to whom we made a promise when we sent them off to war that they would be cared for. This administration did not ask for sufficient resources to keep that promise. We did.

On children's health care, we said we ought to begin a process of trying to cover all of the children in this country. The administration did not agree with that priority, nor did they agree to expand the support for education that we think is required if we are going to keep our country No. 1.

With respect to overall revenues, it is very interesting to look at what the President called for in his budget. He called for $14.826 trillion in revenue. That is what he called for in his budget scored by his own agency: $14.826 trillion. Our budget called for $14.828 trillion -- virtually no difference. When they talk about the largest tax increase in history, they are engaging in a figment of their imagination.

If you use CBO scoring for both instead of using the President's own agency to score his own proposal, which I think is eminently fair -- but if you use CBO to score both, we have a

2-percent difference in revenues and we believe that can be easily achieved by closing abusive tax shelters, going after these offshore tax havens, and by beginning to close this looming tax gap, the difference between what is owed and what is paid, with no tax increase at all.

Let me conclude by citing Treasury Secretary Snow. He acknowledged the need for a bipartisan approach to solving long-term challenges. He said, “You can't do health care reform or Social Security reform...without a bipartisan consensus. If we made a mistake, it was not approaching it in more of a bipartisan way.”

That is the former Secretary of Treasury under this administration lamenting the fact that they were not sufficiently bipartisan. That is precisely what is needed in this town, is a more bipartisan approach to dealing with the fiscal challenges facing this country.

I hope very much that this administration gets the message that we need to change course for the fiscal future of our country.