Floor Statement by Senator Kent Conrad (D-ND)
on Paygo Amendment to FY 2007 Senate GOP Budget Resolution
March 14, 2006

The amendment I have sent to the desk is the pay-go amendment. In many ways I believe this is the most important amendment to be considered today. This amendment would reestablish the budget discipline that worked so well in previous years, a rule that has been allowed to lapse by our colleagues on the other side of the aisle.

Here is where we are. The debt of our country is skyrocketing. At the end of the first year of this Presidency, the debt stood at $5.8 trillion. That year the President told us if we adopted his fiscal plan, he would have maximum paydown of the debt. In fact, he said if we adopted his strategy, we would virtually eliminate the debt. The President was wrong. The debt was not paid down. The debt was certainly not virtually eliminated. Instead, the debt has skyrocketed. At the end of this year, they now tell us the debt will be $8.6 trillion. And if the budget before us is adopted, by 2011, the debt will be $11.8 trillion. It will have doubled on this President's watch. All of this is before the baby boomers retire. We are on an unsustainable course, and it must be changed. We need to do it as soon as we can.

On the question of pay-go, that simply says if you want more spending on mandatory programs, you have to pay for it. If you want to have more tax cuts, you have to pay for them, or you have to get a supermajority vote in the Senate. That is the pay-go discipline. It says, yes, you can have more tax cuts, but you have to pay for them. You can have more spending on mandatory programs, such as Medicare and Social Security, but you have to pay for them. That is what pay-go is about.

Here is what Chairman Greenspan said: “All I'm saying is my general rule is I like to see the tax burden as low as possible. And in that context, I would like to see tax cuts continued. But, as I indicated earlier, that has got to be, in my judgment, in the context of a pay-go resolution.”

We have not only heard that advice from the Chairman of the Federal Reserve, but from the respected Concord Coalition, a bipartisan group that says deficits do matter, that the buildup of debt is unsustainable, and said this about pay-go: “Exempting tax cuts from pay-go does nothing to promote fiscal discipline. It would neither control spending nor shrink the deficit. All it would do is exempt any tax legislation from fiscal scrutiny, regardless of the circumstances. Such an enormous and unnecessary loophole would not be wise policy given that deficits are back for as far as the eye can see. Since spending and tax decisions both have consequences for the budget, there is no good reason to exempt either from enforcement rules.”

I believe they have it exactly right. Our friends, having adopted an enormous loophole, say: You can have all the increased spending you want, all the increased tax cuts you want, as long as they are in the budget resolution. If they are in the budget resolution, they are exempt from pay-go. Here is what has happened as a result. This chart goes back to 1990. We had a strong pay-go rule in effect from 1991 until 2000. We climbed out of the deficit ditch during those years. In fact, we actually went into surplus. In fact, we went into surplus to such an extent we stopped raiding Social Security trust funds to pay other bills.

Then our colleagues on the other side got control of the White House and both Houses of Congress, and they ended the pay-go rule. Look what has happened. Surpluses were eliminated. We have plunged back into deficit, bigger deficits than we had even back here.

That is what has happened without the discipline of pay-go. What we are saying today is, let's reinstitute the discipline of pay-go. Let's do it now.

This chart shows how we would eliminate the loophole that currently exists. The current loophole put in place by our colleagues on the other side exempts all tax cuts and mandatory spending increases assumed in any budget resolution, no matter how much they increase deficits. What we are offering today is the budget discipline, the pay-go rule that worked so effectively in the past. It says all mandatory spending and tax cuts that increase deficits must be paid for or require a supermajority, 60 votes, in the Senate.   That is what we ought to do.

This is what will happen in terms of deficit increases when we have the budget pay-go loophole that is currently in effect. In 2006, $12.5 billion allowed under the Senate GOP budget with their pay-go loophole. In 2007, $36 billion of additional deficit allowed. In 2007 to 2011, almost $214 billion is going to be permitted, if we don't shut it down.

I hope my colleagues will adopt the pay-go rule, the budget discipline that has worked so well in the past. It is critically important that we do that. This is our opportunity. For those who say they are fiscally responsible, here is your chance. You are going to be able to prove with one vote whether you are serious about doing something about these runaway debts and runaway deficits or whether it is all talk. This is going to be the chance. This will be a vote that tests whether Members are willing to stand up and take a tough vote and reimpose the budget discipline that has worked so well in the past.