Excerpted Transcript of Closing Statement by Senator Kent Conrad (D-ND)
at Mark-Up of Fiscal Year 2004 Budget Resolution
March 12, 2003

I worry very much we are on a course that is a disaster. I don't use words lightly. I believe we are on a course that is a disaster.

This is not Kent Conrad's chart. This is a chart out of the President's budget document. This is their estimate of where things are headed under the President's policy for the long-term. And what it shows is that this is where we are now, and these are record deficits in dollar terms. And even as a percentage of GDP, they are very large. You know, you add it up. The law says you shouldn't count Social Security as an off-set to the deficits. And if you don't, the deficit for this year, this coming year, is $512 billion on a $10 and-a-half trillion economy – that's approaching five percent of GDP. That's without any war costs. If the war cost is $90 billion, now you've got a $600 billion budget deficit on a $10 and-a-half trillion base, you are over five percent of GDP. That is not minor in any terms. A $600 billion deficit on a budget of $2.2 trillion is approaching 30 percent shortfall.

And this is the thing that ought to alarm us. These are the good times. These are the good times. Look what happens when we get to the retirement of the baby boom generation. The deficits explode because the cost to the government goes up with Social Security and Medicare, and the cost of the President's tax cuts explode.

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The trust funds of Medicare and Social Security – Senator Nickles said we have got more expenditure than we have revenue. No, no, that is not correct. That is including Part B of Medicare which is funded, we have all agreed for many years, primarily from the general fund. The trust funds of Part A and the trust fund of Social Security are now running hundreds of billions of dollars of surplus. The trust fund for Social Security alone is running a $160 billion surplus this year. We're taking it all, every dollar, and not just this year, but under the President's plan every year for the next decade, every penny of the Social Security surplus, and we're spending it on tax cuts and other spending. We ought to be taking every dime of that and paying down debt or pre-paying the liability.

This chart shows that when the trust funds go cash negative at the very time that the cost to the government explodes, the cost of the tax cuts explode. It doesn't add up. It doesn't come close to adding up. It is like leaping over a cliff.

And what will it do? You can see the proposal on the House side today. What is the Chairman over there proposing? $470 billion of cuts in mandatory spending. $470 billion of cuts below baseline to mandatory spending alone. Another $200 billion to discretionary spending. That's almost $700 billion in cuts. And, friends, that's nothing.

That is nothing to where we're headed, because this is the good times. That's what these numbers show, because the trust funds are running big surpluses now. But what happens when they go cash negative and the cost of the President's tax cuts explode? There can only be one outcome – massive debt, massive cuts in Social Security and Medicare, massive cuts in the rest of government, or massive tax increases. There's no other possible outcome here. And these are not my numbers.

I just hope that we are very sobered by what we're doing here because I have never been more worried about the fiscal future of the country than I am now.

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What I would say to my colleagues, and I believe this deeply, I am prepared to do really tough things on the spending side and on the tax cutting side, because I believe we're leaping off the cliff. When we've already got record deficits, to propose as the President has, almost $2 trillion of tax cuts – when you take the tax cut he's proposed and the interest cost associated with it, the Congressional Budget Office now tells us the 10-year effect is $1.96 trillion – that's real money. We're already at record deficit. Cut the revenue base by almost $2 trillion, increase the spending, which he does, you can only have one affect, and that's to deepen the deficits right before the baby boomers start to retire and the trust funds go cash negative.

If that isn't a reckless course, I don't know the definition of a reckless course. It's not conservative. It's radical, and it's a reckless radical in my judgement. I honestly cannot conceive what is in people's minds. This tax cut that he's proposing doesn't generate more revenue by his own estimates. He says it reduces revenue from what would otherwise happen by $1.6 trillion before the interest cost. He says that.

I just say to my colleagues. This to me is the most dangerous time for our country that I have ever seen. And I came here as a deficit hawk. I really thought back in the '80s we were wrecking the country. At least then we had time to get well before the baby boomers retired.

Now, there is no time to get well. We are not going to have the luxury that we had in the '80s of 20 years to get our books back in order. This time, if we make mistakes there is no getting well, because there's no projection here. The baby boomers are alive. They're eligible for Social Security and Medicare. They are going to retire. And this doesn't add up.

And it's going to lead, mark my words, it's going to lead to exactly what we saw today over in the House Budget Committee, a proposal for big time cuts. And those cuts are going to the Finance Committee, the Ways and Means Committee in the House, $266 billion. Another $100 billion over in Energy and Commerce that's got Medicare Part B authority. They're talking about cutting Medicare right now, and this is the sweet spot of the budget cycle. You're talking about huge cuts. That's what's coming. And let's not mislead the American people for a moment. That's where we're headed -- big cuts in Medicare and Social Security and all these other functions.