Transcript of Floor Statement by Senator Kent Conrad (D-ND) on CBO's "Dynamic" Analysis of President Bush's 2004 Budget Plan March 26, 2003

MR. CONRAD: I thank the chair and thank my colleagues for this opportunity this morning to bring to my colleagues' attention where we stand with respect to the budget resolution that we will be completing today.

A very important report came out yesterday, late yesterday, from the Congressional Budget Office, which is nonpartisan, which is in charge of estimating the effects of what we do here. I might add, while CBO is nonpartisan, because the Republicans control the House and the Senate, they were able to choose the new CBO director. One of the tests they had in picking a new director was the use of so-called dynamic scoring. And the gentleman that now heads CBO is committed to dynamic scoring.

And he has now released an analysis of the budget before us based on dynamic scoring. And his conclusion is exactly what I have been reporting to my colleagues day after day on the floor. "Tax cuts will make the deficit soar." I hope we can put this old canard to rest once and for all that somehow you can tax cut your way to prosperity, when at the same time you're increasing spending. When you start from a base of record budget deficits, there can only be one result. When you start with record budget deficits and then cut your revenue stream, as the President has proposed, by nearly $2 trillion, and increase spending, the deficits and the debt are going to get bigger.

The Congressional Budget Office is telling us, that is exactly what we face. There was another article in the *Washington Post* on this same story and they point out: "[t]he CBO report also said the President's tax and spending proposals imply a deficit in every year over the next decade. Thus adding to the national debt and to the annual interest payments on the debt beyond 2013. For sometime, that added need could be met by running higher deficits. However, the federal government could not follow such an approach indefinitely. At some point in the future, under the President's proposals, either taxes would have to be higher than they otherwise would have been, or spending would have to be lower."

It's time we sober up around here. I don't know what's happened to our friends on the other side who used to be fiscal conservatives, who used to believe in balanced budgets, and now who endorse tax cuts that are going to plunge us into deep deficit and debt.

Now, here is the analysis again from the Congressional Budget Office of what the plan before us will do. This is the President's budget plan. A deficit next year of $512 billion. That doesn't count the war cost. You add in the $75 billion the President wants for the war, the deficit next year will be $587 billion. Does anybody have sticker shock around here yet? That's getting close to being twice as big as the previous record deficit. And the analysis shows we won't be out of deficit any year for the next ten years. But that's not the most sobering. In fact, none of the deficits will be less than $400 billion.

Mr. SARBANES: Will the Senator yield for one quick question. I want to be very clear. Is the Senator saying that the budget deficit for the next year will be close to $600 billion, more than double the highest deficit we've ever run previously?   Is that correct?

MR. CONRAD: That's exactly what we're being told by the Congressional Budget Office. We now face, if we adopt the President's plans for massive tax cuts on top of the spending increases for defense and homeland security, which we all endorse – we endorse the increased funding for defense and homeland security – that we're going to have budget deficits as far as the eye can see and they're not going to be small deficits. They're going to be massive deficits.

This chart shows that in fact we're in the "sweet" spot now. And this isn't my chart. This comes from the President's own budget document. It shows in the period we're in now, that the deficits, although they're record levels, that they're going to get much bigger as we approach the retirement of the baby-boom generation. And as we approach the full phasing in of the President's proposed tax cuts, at the very time the cost to the federal government explodes from the retirement of the baby boom generation, the cost of the president's tax cuts explode, sending us right off the cliff – into deficits and debt that are totally unsustainable.

The other day, one of our colleagues on the other side said Democrats were proposing spending that he suggested was just out of control. Well, here's the Democratic alternative we offered. Here's the comparison to spending between the Republican plan, which is the green line, 18.8 percent of GDP, and here's the blue line, our spending, 19.3 percent of GDP. One of the big differences is we put the money in to pay for the war. We put the money in to pay for increased homeland security. So certainly we have more spending. We have more spending because we've responded to the President's call to put the spending in for the war. Our friends on the other side did not.

Let me just go to the next side quickly. He also showed what he called the Democratic spend-o-meter. Well, we can look at the Republican debt-o-meter, because what they're doing is running up the debt. When the President took office, he told us by 2008 there would only be $36 billion of debt left. In his 2002 budget, he said that by 2008 we'd have only $1.2 trillion of debt. In August of 2001, $1.6 trillion. In February 2002, with the President's 2003 budget, the debt is up to $3.2 trillion. And if we adopt his budget for 2004, the debt by 2008 will be $5 trillion.

Let me just conclude by saying, when we proposed additional spending to fund the war, to fund homeland security and to improve education, we did it in a controlled way, every bit of it paid for. But we added deficit reduction so that we have less deficit, less debt, a stronger economy, more opportunity for the American people.

When I see in the newspapers the President is down to, his plan down to, $350 billion of tax cuts. Oh, no. They're only looking at half the proposal. Right now, the budget resolution that's before us has $852 billion of tax cuts, not the $350 billion that has been widely reported. When their talking about the $350 billion, they're just talking about the reconciled tax cuts, those that will be given special consideration here, that you won't be able to filibuster. So, the total tax cuts in this plan are $852 billion.