Transcript of Floor Statement by Senator Kent Conrad (D-ND)
on Amendment to the Fiscal Year 2004 Budget Resolution
Reducing Tax Cut to Create a $1.2 Trillion Social Security Reserve Fund
March 18, 2003

Let me now turn my attention to the presentation of the amendment that is the next one for consideration because it goes to the central question that we've been talking about. What are we going to do about these deficits?

And let me say to my Republican colleagues, it is important to focus on spending, but you can't just focus on spending. You've got to focus on the revenue side as well. And you can't come out here and say you care about deficits when you're adopting a budget that's going to cost $1.7 trillion in tax cuts and the associated interest cost that's going to drive us deeper into deficit and make believe you care about deficits. That dog will not hunt.

Now, we're going to give our colleagues another opportunity to face up to these long-term obligations we face as a country because the amendment I am offering now takes $1.2 trillion in the tax cuts and redirects them to a reserve fund to strengthen Social Security. Instead of raiding $2.7 trillion, we're going to reduce it. We're going to reduce the tax cut by $1.2 trillion and we're going to apply it not for spending, but to strengthen Social Security.

And this is a vote for history. This is a vote for the ages. This is a vote that people are going to look back on years ahead and they're going to look back and say who stood up to protect Social Security and who wanted to take it, to take the money raised with payroll tax dollars, and use it for a tax cut that goes primarily to the wealthiest among us. That's the question before us. I would hope every member of this chamber would say we ought to reduce the tax cut and use that money to strengthen Social Security. That still leaves almost $200 billion available in tax cuts, actually something less than that.

And with that amount of money, we could provide a short-term stimulus along the lines offered by Senator Daschle, a plan that provides important tax relief for working families and small businesses. Or we could choose to accelerate the marriage penalty relief and the increase in the child tax credit that were scheduled to be phased in over a period of years when enacted in 2001, or we could accelerate the across-the-board tax cuts now scheduled to occur in 2004 and 2006, if we concluded that that was the best way to stimulate the economy. Or we could provide protection for individuals from the alternative minimum tax. My amendment would not prevent us from providing a significant increase in the amount of investment small businesses could immediately deduct rather than depreciating over a number of years. The bottom line is that the amount provided for stimulus in our amendment would allow for considerable flexibility in responding both to the needs of our economy and of our taxpayers.

My amendment does not dictate how these resources ought to be used to strengthen the Social Security program over the long-term. Rather, our amendment simply reserves budget resources so that when Congress does act to strengthen Social Security, resources will be available to do it.

Nearly every Social Security reform plan that has been proposed requires additional resources. In fact, the plans recommended by the President's own commission to strengthen Social Security requires over a trillion dollars of resources from the general fund. There are a variety of ways that these resources could be used to strengthen the Social Security program. Some of our colleagues might prefer to use these resources to prefund the Social Security benefit through individual accounts or collective investments. Others might support using these resources to transfer revenues to the Social Security trust funds or to pay down debt and free up future resources to meet benefit commitments. Until Congress and the President act to strengthen this important program, the resources in this reserve fund would be dedicated to deficit reduction.

Why is this amendment important? Today we are at an important fiscal crossroads. I think we all know where we're headed. We're in record deficit. And according to the President's own documents, these are the good times. This is the budget sweet spot. We are ready for a leap off the cliff if the proposal before us by the President is adopted.

I would hope my colleagues would take a close look at this amendment. We know that Social Security goes cash negative, the trust funds, in 2018. We know that Medicare goes cash negative in 2013 and becomes insolvent by 2026. We know that these challenges are real. They are not projections. The baby-boom generation has been born. They're alive today. They are eligible for Social Security and Medicare.

If we put up the chart that shows the future of Social Security, we see that the trust fund now is running substantial surpluses, but they turn to massive deficits after 2018. This is going to happen. And we can either prepare for it or fail to. The choice is ours.

And the most fundamental choice is going to be made very soon. It's going to be made when we determine the contour and outlines of this budget resolution. It's not just Social Security. It's Medicare as well. Medicare trust fund running surpluses now will turn to massive cash deficits starting in 2013. The question before us is how do we respond?

The CBO Director, Dan Crippen, said to us, "Put more starkly, Mr. Chairman," this is in response to a question I asked, "the extremes of what will be required to address our retirement are these: We'll have to increase borrowing by very large, likely unsustainable amounts; raise taxes to 30 percent of GDP, obviously unprecedented in our history; or eliminate most of the rest of government as we know it. That's the dilemma that faces us and these next 10 years will only be the beginning."

Unfortunately, he's got it right. What the President has proposed is truly stunning in terms of the long-term costs of the tax cuts that he's proposed. Here's the Social Security shortfall according to the Center on Budget and Policy Priorities: some $4 trillion in this 75-year period; Medicare shortfall, $5 trillion. The tax cuts that the President has proposed and have already been enacted, $12 trillion. So we can take a bad situation and make it much worse. Or we can begin the process of being serious about our fiscal challenges. And that means, yes, being tough on spending. It also means being tough on the size of future tax cuts.

I urge my colleagues to give careful consideration to this amendment.