

**Transcript of Senate Floor Statement by Senator Kent Conrad (D-ND)
on Final Consideration of GOP Tax Cut Bill
May 23, 2003**

This bill I call the policy of the three Ds. This is a policy of debt, deficits, and decline. This policy is reckless and irresponsible as fiscal policy. It will hurt, not help, economic growth and it is totally unfair.

In terms of irresponsibility, nothing says it better than this chart. Two years ago, the President told us we would virtually pay off the debt of this country by 2008. Now instead we see, by adopting his policy, we will have a debt of over \$5 trillion by 2008. That is just the beginning of the story because that is the publicly held debt. The gross debt of the United States is skyrocketing as well, from over \$6 trillion at the end of this year to \$12 trillion at the end of this budget period, and all of this occurs at the worst possible time. We are about to see a demographic time-bomb hit this country called the baby boom generation.

This chart shows the Medicare and Social Security trust funds and the cost of the tax cuts. What it shows is that when the trust fund goes cash negative in the next decade as the baby boomers retire, at that very time the cost of these tax cuts explodes, driving us deep into deficits and debt at levels that are utterly unsustainable.

The irony of this package is that it is looting the Social Security trust fund of virtually every dime over the next 10 years to pay for these tax cuts. Of the \$2.7 trillion in surpluses in Social Security over the next decade, this policy takes \$2.698 trillion to pay for tax cuts and other expenses -- again, at the worst possible time.

The news from the Treasury Department is that things are getting much worse. Already this year, revenue is running \$100 billion below forecast. If that continues, we will have the lowest revenue as a percentage of gross domestic product since 1959. Two years ago, the President justified the tax cuts on the basis that revenue was high as a percentage of GDP. Now it is low, and yet his answer is the same.

On this very day when our colleagues on the other side are pushing a tax plan that, without gimmicks, would cost \$1 trillion, they are also advocating nearly a \$1 trillion increase in the national debt -- much higher than the last increase in the national debt of \$450 billion. This is the biggest increase in the national debt in our history -- all at the same time they are advocating a tax cut which they say will cost \$350 billion but which we have already heard from colleagues in the Chamber is disguised in its true cost. It will cost up to \$1 trillion if the gimmicks are eliminated.

It is ineffective as stimulus because very little of this plan is effective this year. Only \$55 billion is effective this year. That is about 16 percent of the advertised cost. It is only about 5 percent of the real cost if the gimmicks are eliminated.

This plan is grossly unfair. Those who earn over \$1 million get a \$93,000 tax break this year on average. Those in the middle income range get \$217. Our colleagues on the other side will say: The rich pay more in taxes, so they should get more of a tax break. They don't pay that much more. This is what the wealthiest among us pay in terms of all Federal taxes. They pay 23 percent. But under this plan, they get 38 percent of the benefit. It is a pretty good investment for them.

And, unfortunately, unfair to the vast majority of Americans. Our colleagues say it is a growth plan, a jobs plan. No, it is not. This is not a jobs-and-growth plan. In fact, the people who have been hired by the White House and the CBO to do that kind of analysis tell us this plan is worse than doing nothing after 2004. You get a little bit of a bump in 2003 and 2004 -- just a little bit -- one-half of 1 percent of GDP, which is about half as much as you would get with a well-designed stimulus package.

But the outyear effect is negative because it is all borrowed money. Here are what the economists are telling us. Ten Nobel laureates: "The tax cut proposed by President Bush is not the answer to our problems."

It is not just 10 Nobel laureates. It is the Joint Committee on Taxation saying: "The simulations indicate that eventually the effect of the increasing deficit will outweigh the positive effects of the tax policy...."

Mr. President, this thing is so loaded with gimmicks that it is a now-you-see-it-now-you-don't tax policy.

On dividends, it goes from 38.6 percent down to 15 percent. It stays there for 6 years and then jumps up to 35 percent. There is no consistency. The same on small business exemptions. That goes from \$25,000 to \$100,000 in 3 years and then back down to \$25,000. It's the same thing on the 10 percent bracket. It wanders around and goes down to nothing in 2011, 2012, 2013 -- all to hide the true cost of this plan. Here is the child tax credit. It goes up to \$1,000 for 2 years. Then it goes back to \$700 for 4 years, then up to \$800, then up to \$1,000, and then back down to \$500 for the last 3 years.

Mr. President, this gives credibility a bad name. Marriage penalty. For 2 years, it is at \$9,500 to eliminate the marriage penalty, and it drops down to \$8,265, giving people a big tax increase in the third year. Then it goes back up to \$9,500 in 2009 and in 2010, and then it plunges to \$7,950.

Even a mother could not love this child. This is a bad plan -- bad for the economy, bad for the fiscal future of the country. It is going to weaken America, not strengthen it.

I urge my colleagues to think twice. People are going to be held accountable for this vote. This is a scandal in the making. We are going to read that there are perverse results from this tax policy. I yield the floor.

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Let me take on the spending argument because I have heard it over and over, and it is the biggest canard offered on this floor. We have heard before that on our side we offered \$500 billion of amendments on the supplemental. We did not. They have taken 1-year amendments that were offered singly and accumulated them and made them 10-year amendments. We offered \$32 billion of amendments separately. They were not offered as a package.

Interestingly enough, what our Republican colleagues did is they went into conference committee -- which they excluded us from -- and they added \$60 billion in spending. Who are the big spenders? Let's set the record straight. On the budget resolution, we did offer a series of amendments to do things like fund the war, which wasn't in the budget, and to fund homeland security, which was inadequately funded in the budget. But we offset every one of those amendments. We paid for them, and the overall budget we offered was \$1.2 trillion less in debt than the President's budget plan.

Let's talk about who is serious about fiscal responsibility. Who offered the serious plans to reduce the growth of deficits and debt? I say to my friends, they told America 2 years ago they had a plan to pay off virtually all of the debt by 2008. Do you know what we see now? We have adopted their plan and, instead of paying off the debt, it is going to be \$5.2 trillion of publicly held debt by 2008.

The gross debt of the U.S. is going to double during this budget period -- at the worst possible time, right before the baby boomers retire. The outcome is as clear as it can be; as clear as it can be. We have record deficits now. The President's budget increases spending by \$600 billion above the baseline, cuts revenue by \$1.6 trillion. There can only be one result: deeper and deeper deficits and debt, and at the worst possible time, right before the baby boomers retire.

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Facts are stubborn things, I say to the chairman of the Finance Committee. The budget we offered on our side did exactly what you were challenging us to do. We had \$1.2 trillion less in deficits in our plan than the plan offered on your side. You said you want to cut back on the tax cuts, bring it to the bottom line. That is what we did. As a result, we would have had \$1.2 trillion less in deficit if our plan had been adopted.