

**Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)
During Debate on FY 2009 Budget Conference Agreement
May 21, 2008**

I am delighted that our colleague talks about our fiscal record and theirs. He talks about circling back to the policies when the Democrats controlled the White House. He is right that there is a difference. The difference is that when the Democrats last controlled the White House, we had record surpluses, and we were paying down the debt. Under the current President, we have record deficits and record debt.

I am delighted to talk about the record because here is their record: In each of the last 3 years of the Clinton administration, we had achieved a budget surplus, we were paying down the debt, and the CBO was projecting that the budget would remain in surplus for years to come. By the time the Bush administration came into power, we had achieved three consecutive years of surplus and were expecting more. But, the Bush administration squandered every dime.

By the time this President is done with his responsibility, they will have run up the debt from \$5.8 trillion to over \$10 trillion. That is the difference in the record. Under the last Democratic administration, we ran surpluses and paid down the debt. Since then, under the Bush administration, the nation has been beset by record deficits and record levels of debt. That is a fact.

Now, my favorite quote of my colleague on the other side -- first, let me say I have respect for the ranking member. I have affection for him, and we are friends. But we have a big divide when it comes to fiscal policy. I think the policies of this administration have been reckless. I think they have dug an enormously deep hole for this country.

I think the factual record is very clear on the differences between our two parties. Under President Clinton, we achieved record surpluses, and we were paying down the debt. Under President Bush, the nation was plunged right back into record deficits and debt. That is a fact.

But the thing I enjoy most about my colleague's speech is how similar it was to the speech he gave last year. This is what he said last year: "It includes, at a minimum, a \$736 billion tax hike on American families and businesses over the next 5 years -- the largest in U.S. history." The only difference is that now he is saying this budget is the largest tax increase in the history of the world. We can now go back and look at the factual record about what our budget did that was put into place last year.

Did it increase taxes? Did it increase them by the largest in U.S. history, as he asserted last year? Well, let's look. Here is the record -- not a speech but the factual record. We had Democrats controlling the House and the Senate, and the assertion last year by the Senator from the opposite party was that there would be the largest increase in the history of the United States. But what happened? Was there the largest tax increase in the history of the United States? No. Was there a tax increase? No. Was there a tax reduction? Yes. Here it is: Tax cuts enacted, \$194 billion; offsets and closing loopholes, \$7 billion; net tax reduction, \$187 billion. Now, that

is the fact. So much for speeches and for hyperbole. Let's deal with facts.

Debt: The President's budget has \$83 billion more of debt than the budget we have offered from our side.

The Senator questions the Baucus amendment, which is included in this budget, that extends key middle-class tax cuts. That is included in the conference report. We provide \$340 billion of tax cuts in this budget.

What is he talking about, the biggest tax increase? There is no tax increase in this budget. None. Zero. There are \$340 billion of tax reductions for the middle class in this country who deserve it.

The Senator says: Why haven't they presented a bill, because they had the Baucus middle-class tax cut extension in last year? Why haven't we? Because, as the Senator well knows, those tax cuts are in place until 2010. We didn't need to take action last year. We don't need to take action this year. Those tax cuts are in place now. But in this 5-year budget, we have provided for their extension because we know they run out in 2010. But there is absolutely no need to have taken the action to extend them last year or this year because they are already in place.

Let's deal with facts. The Senator talks about Barack Obama's budget. Barack Obama doesn't have a budget. Barack Obama is not the President of the United States. He is asserting he has \$300 billion of spending increases. I notice he didn't say anything about the McCain budget because while John McCain is not the President, either, he has proposed \$3 trillion -- not \$300 billion but \$3 trillion -- of additional tax cuts, and we already can't pay our bills. We already are borrowing hundreds of billions from China and Japan. So apparently the McCain plan is to borrow some more money from China and Japan. That is what the party of the other side has become, a party of borrow and spend -- they've spent \$600 billion so far in Iraq with no end in sight, and they've borrowed so much that the debt will have increased from \$5.8 trillion to \$10.4 trillion by the time this President is done.

Then there is one other item to which I need to respond, and that is on the question of the pay-go. The Senator says that pay-go is meaningless. What is it? It requires that if there is new mandatory spending or new tax cuts, they must be offset. That is pay-go.

The Senator used to support pay-go. This is what he said in 2002: "The second budget discipline, which is pay-go, essentially says if you are going to add a new entitlement program or you are going to cut taxes during a period, especially of deficits, you must offset that event so that it becomes a budget-neutral event...If we do not do this, if we do not put back in place caps and pay-go mechanisms, we will have no budget discipline in this Congress and, as a result, we will dramatically aggravate the deficit which, of course, impacts a lot of important issues, but especially impacts Social Security."

The Senator was right in 2002, and, in fact, his prediction came true because his party

abandoned pay-go, drove up deficits, drove up debt, and we are the worse for it as a nation.

If you wonder about pay-go, here is the record. We had strong pay-go in effect between 1993 and 2000. The deficit was reduced each and every year between 1993 and 1997 and, by 1998, we actually got into surpluses, as I indicated before, which rose in each year through 2000. Then our friends on the other side took charge of the White House. They immediately weakened pay-go, and we plunged right back into deficit. We put pay-go back into effect, and we are starting to dig out of the very deep hole they have dug.

On the issue of pay-go being waived, pay-go has been raised 16 times; pay-go has been waived once -- once.

The Senator says pay-go is not working. I disagree. Excluding the alternative minimum tax provisions that were put in place last year to prevent the alternative minimum tax from costing 20 million people more taxes, instead of offsetting that, the alternative minimum tax was prevented from being expanded without paying for it. If you leave out that one item, the Senate pay-go has a scorecard with a positive balance of over \$1.5 billion over 11 years.

Every bill sent to the President, other than the alternative minimum tax and the stimulus, which, of course, could not be offset if it was to have a stimulative effect -- that was totally bipartisan, both those were totally bipartisan -- every bill sent to the President other than those two has been paid for or more than paid for.

Pay-go also has a significant deterrent effect, preventing many costly bills from being offered.

With respect to the specifics of my colleague's criticism, I will enter into the Record every one of the items he referenced: immigration reform, the Energy bill, mental health parity, prescription drug user-fee amendments, minimum wage, Water Resources Development Act. Every one of them is paid for. CHIP reauthorization, the farm bill -- he just talked about the farm bill. The farm bill, which we will vote on sometime later today or tomorrow to overturn the President's veto, is totally pay-go compliant. It is paid for and without tax increases. Higher education, the reconciliation bill, the 2007 supplemental -- every one of them in terms of the bill that actually went to the President is paid for.

When the Senator from New Hampshire calls pay-go "swiss cheese-go," I call their budget approach "easy cheese" because they have faked fiscal responsibility around here long enough, and we are calling them on it because now we have their record, and their record is record deficits, record debt, record borrowing from abroad. That is their fiscal record. It is a fact. It can be checked. They are going to have a hard time running away from their record as we go into an election year.