

**Transcript of Opening Remarks by Senate Budget Committee Chairman
Kent Conrad (D-ND) at Press Conference Responding to Republican Claims
on the Deficit Following Release of CBO's Summer Budget Update
September 9, 2008**

You heard from the other side moments ago, over on the house side. And I say for sure gall, their presentation takes the cake, for sure gall.

They are the architects of the economic fiasco that has brought us to where we are at this moment. It is Republican policies, on spending and taxes, that have exploded deficits and debt. By the time they are done, on their watch, under their control, they will nearly have doubled the national debt; they will have far more than doubled foreign holdings of U.S. debt; and the economic consequences are just becoming clearer.

Under their watch, and under their control, we have a housing crisis, an energy crisis, a health care crisis, and a fiscal crisis. That is more than a trifecta. That is a combination of mismanagement that will take years to undo.

Their assertions this morning that the deficit has increased under the Democratic watch seems to have forgotten how we got here. They are the ones that dug this hole and kept digging. The fact is, of the increase in the deficit year-over-year, 85 percent of it is from the stimulus program that was necessary to revive the economy from their mismanagement, and defense and war costs. So the \$247 billion of increase that we have, you can see that stimulus and defense and war costs account for 85 percent of it.

Now, their assertion that somehow Democrats are responsible for that? Let's see how they voted on these proposals. On stimulus, 85 percent of Republicans in the House and the Senate voted for the stimulus legislation. And how about defense and war spending? More than 90 percent of Republicans in the House and the Senate voted for the defense and war spending increases.

So unfortunately for them, the record is very clear, they are responsible. They are the ones who were the architects of this fatally flawed fiscal policy. They are the ones who put in place a policy of revenue and a policy of spending that has led us to dramatically increase deficits and debt, and they supported the responses to it. They supported the stimulus package, more than 80 percent of them. They supported the defense and war spending, more than 90 percent of them. And those two factors alone are responsible for 85 percent of the increase.

But they have a responsibility that goes far beyond the fiscal disaster that we confront. They are also responsible for the economic policy that has plunged this country into the most serious conditions that we have faced in decades.

The home foreclosure rate has skyrocketed. We're now told that nearly 10 percent of all mortgage holders in the United States are delinquent or in foreclosure. The home foreclosure rate itself is at the highest level ever. But it doesn't end there. The unemployment rate has also

climbed to 6.1 percent, and we are concerned that we will see further increases as well. And, consumer confidence has plunged. Consumer confidence has gone to one of its lowest levels in memory.

All of this a result of Bush economic policy, which a vast majority of Republicans supported every step of the way, right over the cliff into massive deficits and debt and economic dislocation we have not seen in decades.

So I just wanted to take this moment to set the record straight. If you look at the increases in spending on the mandatory side, they are primarily coming from the rebates for the stimulus package; deposit insurance because of the large number of banks that are failing; the increases in unemployment benefits because of dramatically increasing levels of unemployment; and, of course, food stamps which is another of the automatic stabilizers put in place to prevent an even deeper recession.

On the discretionary side, by far the biggest part of the increase in expenditures is for defense and the war effort. And we know that that hasn't stopped. The administration is now seeking even more money for the war effort.

So the hard reality is simply this. Of the increase in spending, which they blame on Democrats, 85 percent of it is from the stimulus package and defense and war costs. And they, in overwhelming numbers, voted for both.