

**Transcript of Opening Remarks by Senator Kent Conrad (D-ND)
at Press Conference Reacting to the President's FY 2006 Budget Proposal
February 7, 2005**

This is, I think, really a defining moment for the country. And I would say it's a defining moment, because the President has put before us a budget that fundamentally hides from the American people the true fiscal condition of the country. You know, it wouldn't take five minutes of examination to figure out the budget before us is not the real budget of the United States.

As Congressman Spratt has indicated, they are hiding from us the full 10-year effect of the President's proposals. They are hiding from us the funding for the ongoing Iraq war costs, beyond this year. The President says he has no timetable for withdrawal. In this budget he has a timetable for withdrawal, because he has no money past September 30th of this year. There is no funding for the ongoing war effort in Iraq, or Afghanistan, or the war on terror.

The alternative minimum tax, at least he funded it for one year last year. This year, there is no funding. And as Congressman Spratt indicated, we're going from a circumstance in which 3 million people are swept up in the old millionaires' tax, which is rapidly becoming a middle-class tax trap, and we know at the end of this budget period, there will be 30 million people caught up in the alternative minimum tax.

Social Security privatization transition costs – they're not in this budget. The President says he's for that, but he doesn't put it in the budget. He doesn't put the war costs in the budget. He doesn't put the alternative minimum tax in the budget. He doesn't put Social Security privatization in the budget. It's not a real budget.

And then he does something that we have never seen before. He completely omits the spending details past this year. Every President has always indicated, for at least five years, what his budget would mean for the future. This President does not. And the reason he does not is he knows where this is all headed. But he doesn't want the American people to know where it's all headed.

I said this is a hide-and-seek budget, because you have got to look very carefully to find out what's going on. And if you pull back the curtain, you find something quite different than what the President wants you to see.

This is all the President wants you to see with respect to his tax cuts. He just wants you to look at the first five years. He doesn't want you to look beyond that. But if you pull back the curtain, here's what you see. The costs of the tax cuts absolutely explode, but the President doesn't want to share this information with the American people. He wants it hidden from view.

And it doesn't stop there. With the alternative minimum tax, it is the same story. The President wants you to look over here. He doesn't want you to look behind the curtain to see where it's all headed. But this is what we see when we look behind the curtain -- over

\$700 billion of costs not revealed to the American people. He doesn't want them to see it. He wants to hide it from them.

And it's not just with respect to the tax cuts or the alternative minimum tax. The same thing is reflected in war cost. He wants you just to look at this \$81 billion, this supplemental that he has requested. He doesn't want you to look further. He doesn't want you to look beyond September of this year. But if you pull back the curtain, here's what you find – that the war cost is going to be dramatically higher, according to the Congressional Budget Office, than anything the President is revealing to the American people.

Why is he playing this hide-and-seek game? I believe it's because he really doesn't want people to know where this is all headed. And he doesn't want them to know because it would lead you to dramatically different conclusions than the conclusions he's presenting.

And it doesn't end there, either. When you go to the question of Social Security, the President has nothing in his budget to pay for the cost of Social Security privatization. But if you pull back the curtain, here's what you find – \$754 billion is the cost for just 2006 to 2015. But look at the 20-year costs of his proposal – they're \$4.5 trillion.

I hope people are listening. And I hope people understand the implications of what the President is doing and where he's taking the country, because he's going to take us right over the cliff into massive deficits and massive debt that will harm the American economy for a long time to come. These are the implications of the President's plan. And it's critically important that the American people have a chance to see where he's taking us.

This is the President's deficit claim. If you look at his budget documents, this is what he suggests is going to happen. He says things are going to get better. But if you add back all of the things he's left out, what you see is, things aren't going to get better, they're going to get much worse. And they're going to get worse at the worst possible time, right before the baby boomers retire.

So what difference does that make? The difference it makes, my friends, is that he is taking us to a future in which massive cuts will be required. There will be massive cuts – I'm predicting today – massive cuts in Social Security, massive cuts in Medicare under this President's plan.

And it won't just be in Social Security. We have already seen the outlines of his plan there. There would be dramatic reductions in the benefits that Social Security now provides. That, my friends, is where this is all headed. And as I have indicated, it's not just Social Security, it's not just Medicare, it's program after program.

He is going to eliminate the funding for vocational education. He is going to cut the COPS program by 96 percent. That program has put 100,000 police officers on the street in this country. He is going to cut first responders 38 percent. Is that what we should be doing when we're under a terror threat?

He is going to eliminate the funding for Amtrak operations. Is that what we should be doing in this country to meet the needs of the American people?

I'd just say to you I think there are very serious problems in what the President proposes. And maybe the most serious thing of all is that while saying that he is moving to protect and strengthen Social Security, if you examine his budget document, what you find is that he is taking every penny of Social Security surplus over the next 10 years, every dime, money that should have been used to prepay the liability or pay down the debt, and he's going to take it and use it to pay for other things. That doesn't strengthen Social Security. That weakens Social Security.

That's an enormous hemorrhage of the payroll funds generated from the American people, money that they are paying over because they've been promised Social Security benefits. And he's taking the money and using it for something else. And the something else is either to offset the massive tax cuts that he's proposing, income tax cuts that will predominately go to the wealthiest among us, or he is using the money to pay for other things. But we know this money that could and should be used to strengthen Social Security is not being used for that purpose.

Finally, this is what we see happening to the publicly held debt under this plan. This is the publicly held debt. The gross debt is even a more dramatic and draconian picture. But you can see here, the publicly held debt is exploding, from \$3.3 trillion when this President took office to over \$9 trillion in 2015 if his plan is followed.

That is not a plan to strengthen America. That is not a plan that is conservative. That is a plan that I would suggest to you is reckless. It's radical and it's wrong. It puts the United States in a far weaker economic position in the future.

You cannot be a strong country when you are borrowing money from every other country on the face of the globe. This is what the President is doing so far in terms of the explosion of our foreign debt. We now owe Japan over \$700 billion. We owe China over \$190 billion. We owe even the Caribbean banking centers over \$75 billion. And who would have believed it – South Korea. We now owe South Korea \$69 billion.

This is not the portrait of a country that is getting stronger. This is the portrait of a country that is getting weaker. And the question before the Congress will be are we going to stand up and insist on reversing course? Are we going to stand up and once again say that the United States has an obligation to balance its books? Are we going to say we can't continue to live beyond our means? That way lies deeper deficits and deeper debt and a weaker America.