

**Floor Statement by Senator Kent Conrad (D-ND) on
Amendment to Offset Defense Spending in Supplemental
April 27, 2006**

This is an important amendment. This is an amendment to pay for the war costs that are in the underlying legislation. The alternative is to simply stack the war costs on the debt. I believe these war costs should have been budgeted for and paid for. Instead, we just keep putting it on the charge card.

I want to put in context our overall fiscal condition. This looks back to 2001, when we last had a surplus. Every year the deficits have been up, up, and away. This year they are projecting a deficit of \$371 billion.

But that is the tip of the iceberg because the fact is the deficit is much smaller than the amount that is being added to the debt. This year we now anticipate the debt will be increased by \$654 billion. That is simply unacceptable, to be running up the debt in these record amounts, especially before the baby boomers retire.

If the budget that is now stalled between the House and the Senate is adopted, the debt will go up each and every year, \$500 billion or \$600 billion a year, until we reach a debt of \$11.8 trillion. When this President came into office, the debt was \$5.8 trillion. At the end of his first year--we don't hold him responsible for the first year because we were still operating under the policies of the previous administration--we were in surplus. At the end of his first year the debt was \$5.8 trillion. At the end of this year it will be \$8.6 trillion, headed for almost \$12 trillion. It is time we get serious about dealing with the fiscal imbalances in this country.

Here is one of the results of this fiscal policy. It took all these Presidents, 42 of them, 224 years to run up \$1 trillion of debt held by foreigners. This President in just 5 years has more than doubled that amount, more than doubled the amount that 42 Presidents ran up in terms of foreign debt.

The Comptroller General of the United States, Mr. Walker, has warned: "Continuing on this unsustainable fiscal path will gradually erode, if not suddenly damage, our economy, our standard of living, and ultimately our national security."

Let's pay for at least the war costs that are in this underlying amendment. We can do that much. The emergency provisions, those things that were unpredictable, maybe we can understand that those things aren't paid for in the underlying amendment. But the war costs? My goodness, we have been at war more than 3 years. These things should have been budgeted for. They should have been paid for. That is what I propose in this amendment. I do it in a way that I think is fiscally responsible.

We provide the same offsets as the Senate-passed tax bill, closing the tax gap by shutting down abusive tax shelters and providing for other reforms. That raises \$19 billion. That includes revoking tax benefits for leasing foreign subway and sewer systems. What a scam that is. Companies are buying foreign sewer systems and depreciating it on their U.S. taxes, and then

leasing them back to the foreign cities where those sewer systems exist. What a scam. Let's close it down.

We do it by ending loopholes for large oil companies, which raises \$5 billion. Requiring tax withholding on Government payments to contractors such as Halliburton, withholding that others are asked to do in our society. Why not them? We do it by renewing the Superfund tax so that polluting companies pay for cleaning up toxic waste sites, which raises \$9 billion. Ending a loophole that rewards U.S. companies that move manufacturing jobs overseas raises \$6 billion. Repealing the phaseout of limits on personal exemptions and itemized deductions for very high-wealth individuals raises \$28 billion. And by closing other tax loopholes and miscellaneous offsets of \$1 billion.

This is the legislation, this is the amendment. It pays for the war costs--\$74 billion. We are going to see those who are serious about being fiscally responsible and those who just want to talk about it. This is an opportunity to pay for the war costs that should have been budgeted, that should have been paid for in the regular order.

I hope my colleagues will support this amendment. Let's get serious about addressing the explosion of debt and deficits in this country.