

**Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)  
During Floor Debate on FY 2009 Senate Budget Resolution  
March 11, 2008**

I wish to welcome back the ranking member of the Budget Committee. I have listened with great interest to his presentation this morning, a highly imaginative presentation. It is highly imaginative. The presentation he has made that purportedly is about the budget we have offered has virtually nothing to do with the budget that is before us. It is largely a concoction, although I must say when he talks about creativity, I give him high marks for creativity because this is complete make-believe, what we have heard from the other side, in terms of a description that is on this floor.

Maybe a good place to start is to look at what the Senator said last year about our budget because it is almost identical to what he has said about this year's budget. He said last year we were going to have \$1 trillion of tax increases if our budget passed. Well, our budget passed, and now we can go check the record. We don't have to have a bunch of projections or suggestions about what might happen; we can now look back and see what actually did happen. Last year, the Senator from New Hampshire, the ranking member of the Budget Committee -- by the way, for whom I have high regard. We work together very closely. We have substantive differences, as will become more clear as these days wear on, but I have high regard for the Senator from New Hampshire.

But let's check the record. Did we increase taxes, as he asserted would happen last year, by \$1 trillion? No. Did we increase taxes at all? No. Did we cut taxes? Yes. How much did the Democratic Congress cut taxes? Well, here it is. It is not a projection. This is not make-believe. This is a fact. The Democratic Congress has cut taxes \$194 billion, with \$7 billion of revenue raisers. So that is the factual record with respect to tax cuts. The Democratic Congress cut taxes by \$194 billion, most of this in the stimulus package passed to give lift to the economy.

Now, the Senator talks about where we are headed under this budget, but perhaps the best way to anticipate where we are headed is to look back and see where we have come from. When they controlled everything -- they controlled the House, they controlled the White House, they controlled the Senate -- here is their record. Here is what they did. They started with budget surpluses, and they ran up record deficits. You can see this is the record of the Bush administration: \$413 billion was the biggest deficit in the history of the United States. In fact, they have five of the biggest deficits in the history of the United States. That is their record. Revenue was flat. They increased spending about 50 percent, and the result was they have exploded the debt of the United States. Again, this is not a projection. This is not a forecast. This is their record.

Our friends controlled it all. They controlled the White House, they controlled the Senate of the United States, they controlled the House. Here is what happened to the debt. They have built a wall of debt that is unprecedented. They took us from a debt at the end of the President's first year of \$5.8 trillion. They have run it up to over \$9 billion last year, and by the end of 2009,

which will be the eight years this President is responsible for, they will almost have doubled the debt of the country in eight years. It is a stunning record, and I don't mean stunning in a good way.

Now, the Senator from New Hampshire says we have this massive increase in spending. Well, not in this budget. That is not the case. Here is a chart that shows the President's spending, which is the red line. The green line is the spending under this resolution. This is over the five years of this budget. You will see that they are very close to each other. In fact, the difference in spending over the five years between our budget and the President's budget is 2.1 percent.

We have 2.1 percent more spending than the President's budget. Why? Because we have restored cuts he made in things such as the COPS Program that has put 100,000 police officers on the street. The President's budget eliminates the COPS Program. The President's budget eliminates the weatherization program in this country, a program to go back and weatherize homes so they are more energy efficient. He says: No, we don't want to do that anymore. The President's budget cuts the grants to first responders, our emergency medical personnel, our ambulance crews, and other first responders, including our firefighters, and cuts those by 78 percent. We didn't think that was a good idea.

So, yes, we do spend some more. We also spend more to reduce our dependence on foreign energy because we think that is a smart investment. We do spend some more on education because we think that is critical for the future strength of the country. And we do spend some more money on infrastructure because we don't want any more bridges collapsing, as we saw happen in Minnesota, where the bridge over 35W collapsed with people on it.

So, yes, we spend two percent more over the five years. For this year, the total spending in the President's budget is \$3.04 trillion, and in our budget it is \$3.08 trillion. That is a difference of one percent.

All this great spending the Senator just described -- the problem is the facts. The thing that gets in the way of his recitation is the facts. The facts are that we spend one percent more than the President in 2009.

The Senator also said we have not been responsible with the troops. Let me just indicate that if we have not been responsible, then the President hasn't been responsible either because we have the identical amount in our budget for defense and the war as the President had in his budget -- identical, not a dime of difference. So if we have been irresponsible, then the Senator is saying the President has been irresponsible because we match him dollar for dollar.

The Senator said something that is quite jarring. Do you remember what he said about the President's role in the budget? He said the President doesn't have anything to do with the budget. Really? The President of the United States has nothing to do with the budget of the United States? I don't think so. The President sends us a budget. If you look at the historic record, what you find is that Congress gives the President, in the budget, very close to what he

asks for. That is the record going back 40 or 50 years.

Now, he added to that by saying the President cannot veto or sign a budget. That is true. The way the process works is the President sends us his budget, and then a budget is developed by Congress that does not go to the President for his signature or his veto; that is true. But to suggest that the President really doesn't have anything to do with the budget, that is not true.

The President sends us his budget blueprint, and then he has the power of the veto to enforce all of the provisions that flow from a budget. He can veto any appropriations bill; those are the bills that spend money. He can veto any revenue bill; those are the bills that raise money. So to suggest the President doesn't have anything to do with the budget is really misleading to people. I think if you just think of it in a commonsense way, of course the President of the United States would have a lot to do with the budget policy of the country. He should have, and he does have. It is true he does not sign the budget resolution. He cannot veto it. But he does have the capability to enforce its spending and its revenue because he has the power of the veto.

Let's look at the question of revenues. Again, our colleague said we are going to raise taxes a trillion dollars. That is exactly what he said last year: Democrats are here to raise your taxes a trillion dollars. I think he just likes that number. It doesn't matter what budget we present; he says a trillion dollars. I have already shown that what Democrats have done once we have controlled the House and Senate was actually reduce taxes by \$194 billion. That is our record so far. That is a fact.

There is additional revenue in our proposal over the five years. You can see the difference. On this chart, our revenue line is the green one, and the President's is the red line. You can see they are very close. If you look at the numbers, over the five years of this budget, the President has \$15.2 trillion in revenue; that is the proposal he sent to us. We have \$15.6 trillion in revenue. That is a difference of 2.6 percent.

I don't know where the Senator comes up with this trillion dollars because that is not our proposal. Our proposal -- when the Baucus amendment is adopted -- is to raise \$15.6 trillion, in comparison to the President's \$15.2 trillion, which is a difference of 2.6 percent.

Now, the other day the Senator put up a sign that said -- he quoted me in a "60 Minutes" interview saying that the first thing we need is more revenue. That is true, I did say that. They didn't include the whole quote. Here is the whole quote from the transcript. Steve Kroft is talking to me, and he is asking me about the head of the Government Accountability Office, who is warning the country that we are on an unsustainable course because of the long-term commitments that have been made.

He says: "What do you think about David Walker and what he's doing?"  
I said: "I think David Walker is providing an enormous public service."  
Mr. Kroft asked: "Do you agree with his figures and his projections?"  
I said: "I do. You know, I mean, we could always question the precise nature of this projection or that projection, but that misses the point...The larger

story that he is telling is exactly correct.”

Mr. Kroft: “Are most people in Washington aware of how bad it is?”

I said: “Yes, they know in large measure here, Republicans and Democrats, that we are on a course that doesn't add up.”

This is one place Senator Gregg and I are in complete agreement -- that we are on an unsustainable course.

Mr. Kroft asked: “Why doesn't somebody do something about it?”

My answer: “Because it's always easier not to, because it's always easier to defer, to kick the can down the road...”

Mr Kroft asked: “Do you think taxes ought to be raised?”

My response: “I believe, first of all, we need more revenue.”

But then the Senator didn't include the next sentence:

“We need to be tough on spending. And we need to reform the entitlement programs. We need to do all of it.”

That was my answer. I believe it is the truth.

Not only have I said that, but Senator Gregg has said we need more revenue. Senator Gregg himself said, “We also know revenues are going to have to go up, if you are going to maintain a stable economy and a productive economy, because of the simple fact that you are going to have this huge generation that has to be paid for.”

He is talking about the baby boom generation.

So if we are going to be honest with the American people, we do need to be tough on spending, we do need to have more revenue. I have said repeatedly that before we ask for a tax increase from anyone, we ought to go after the tax gap, the difference between what is owed and what is paid. The Internal Revenue Service says that back in 2001 that gap was over \$300 billion in a year. I think it is unfair to the vast majority of us who pay what we owe to allow others to escape.

But it doesn't end there. We also have offshore tax havens. Our Permanent Subcommittee on Investigations has indicated that we are losing \$100 billion a year to those offshore tax havens. We have had an additional report in the last 2 weeks of more of these tax havens proliferating. If you go on the Internet and put in "offshore tax havens," you will get a million hits because there are a lot of con jobs going on. We ought to shut them down before we ask for a tax increase from anyone.

In addition, there are these abusive tax shelters, where some companies are actually buying European sewer systems and writing them off on their books in the United States to lower their taxes and then leasing the sewer systems back to the European cities that built them.

The Senator also went after the pay-go rule. He calls it "Swiss cheese-go," which is

humorous, and I always appreciate the humor. But let's give both sides of the story.

The pay-go rule says that if you are going to have new mandatory spending or tax cuts, they must be offset or must get a supermajority vote. This is a means of disciplining the budget process that has worked well in the past. We have instituted it.

When Senator Gregg was in charge of the Budget Committee, he said this about pay-go when he supported it: "The second budget discipline, which is paygo, essentially says if you are going to add a new entitlement program, or you are going to cut taxes during a period, especially a period of deficits, you must offset that event so it becomes a budget-neutral event that also lapses. If we do not do this, if we do not put back in place caps and paygo mechanisms, we will have no budget discipline in this Congress and, as a result, we will dramatically aggravate the deficit, which will impact a lot of important issues, but especially Social Security."

He had it right when he was an advocate for pay-go.

We had a strong pay-go rule from 1991 to 2000. We climbed out of the deficit ditch. We produced surpluses. And then our friends came into power, and in 2000 they dramatically weakened pay-go, and look what happened. We went right back to an ocean of red ink. We have now put pay-go back into effect, since the 2004 elections. Let's look at the record. The number of times pay-go was raised was 13. The number of times pay-go was waived was zero. Pay-go was raised 13 times and waived zero.

Pay-go is working. Excluding the AMT legislation that passed last year, the Senate pay-go scorecard has a positive balance of \$1.3 billion over 11 years. Every bill sent to the President -- other than AMT and the stimulus package just passed -- has been paid for or more than paid for. Pay-go also has significantly produced a deterrent effect. Anybody who doubts that should sit in my seat for 1 week and see the number of times colleagues decide not to offer spending proposals because of the pay-go rule.

On the other side, they have said that there is \$143 billion that they claim pay-go has been violated. Let's look at each one of their claims. And I only have two minutes left before Senator Stabenow will be taking over.

Immigration reform. They claim there is a \$30 billion loophole. In fact, zero. The immigration reform bill never passed the Senate. Remember, the test is what goes to the President of the United States. The bill never went to the President of the United States.

The energy bill -- the final bill that was sent to the President -- was more than paid for. They claim a \$4.2 billion shortfall. In fact, it was more than paid for and had a surplus of \$52 million.

Mental health parity. That bill hasn't yet gone to the President. They are claiming a \$2.8 billion shortfall. That bill hasn't gone to the President; it is still in conference. The promise has been made by the conferees that it will comply with pay-go.

The prescription drug user fee amendments. The final bill sent to the President was more than paid for. They are claiming a \$200 million shortfall. In fact, it was \$4 million to the good.

The minimum wage increase was fully paid for on a unified basis. They claim a \$50 million shortfall. In fact, it was zero.

The Water Resources Development Act. The final bill sent to the President was more than paid for. It passed the Senate on a vote of 81 to 12.

Other items they have mentioned. The children's health insurance reauthorization was more than paid for over 6 and 11 years. They claim a \$45 billion shortfall. In fact, it is a savings of \$207 million.

The farm bill -- more than paid for over 6 and 11 years. By the way, that has not yet gone to the President. They are claiming a \$27 million shortfall. In fact, there are savings.

Higher education reconciliation -- more than paid for over 6 and 11 years. They show a \$26 billion shortfall. In fact, the savings will continue to grow in decades beyond the budget window, and over 6 and 11 years that bill is completely paid for.

The 2007 supplemental, county payments, payment in lieu of taxes, and MILC. They claim a \$6.5 billion shortfall.

The pay-go rule applies to mandatory spending and revenues, not to appropriated accounts. Discretionary is controlled by separate caps.

The 2008 budget resolution established a new 60-vote point of order to limit changes in mandatory spending on appropriations bills and to strengthen pay-go even further.

They call pay-go "Swiss cheese-go." Their pay-go was "easy cheese" -- "easy cheese" because what they allowed under their pay-go was for the debt to explode. No forecast, no projection, just the facts, just the record. They have increased the debt from \$5.8 trillion to over \$9 trillion today, and under the President's proposal, it is going to go to over \$10 trillion. That is the record.

We have now reached the 11 o'clock hour. Senator Stabenow is going to take the chair, and there are other Senators awaiting recognition. We have a meeting to try to determine where we go with the rest of the day. But I hope we have a good, substantive debate. I look forward to it.