Transcript of Opening Remarks by Senator Kent Conrad (D-ND)
at Press Conference on OMB Mid-Session Review
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As I look at this Mid-Session Review, it's more hide the ball from this administration; hide the debt; don't talk about the debt; shuffle off the debt; forget about the debt. But it is undeniable. What they are doing is running up the debt. That's the hard reality that we confront.

We have seen repeatedly that they overstate the February deficit estimate in order to claim improvement later in the year. It has been a very consistent practice. You can see they started doing this in 2004 and it has been a very consistent pattern. I will predict to you today that there will be more improvement by October. There really won't be any improvement. It is just that they have not correctly estimated the amount now so that they can claim progress later. This has been a very consistent theme.

I think the thing that is so important to remind the American people of is while the deficit they claim will be $205 billion for this year, the debt is going up by over $500 billion this year. And it is really this explosion of debt that should capture our attention. They talk about the deficit being 1.5 percent of GDP. What they never talk about is debt as a share of GDP, and that is going up 3.7 percent. Almost any economist will tell you that is a warning sign.

Already the record of debt buildup in this administration is alarming – $5.8 trillion of gross debt at the end of the President's first year. We don't hold him responsible for the first year because he is working on a budget that was inherited. But this is what he has done in the subsequent years. We're going to have $9 trillion of gross debt by the end of this year, an increase of 50 percent.

The administration is quick to say the revenue outlook is remarkable and the result of their tax cuts. No it is not. What they do is forget about the whole story. If you tell the whole story, because they want to start in 2004 and look what has happened to revenue since. They never want to talk about what has happened since 2000 on revenue. And what you see if you provide people the full picture is we're only now getting back to the revenue we had back in 2000. It is only now that we are returning to the revenue base that we had in real terms in the year 2000.

At the same time they have increased spending 50 percent. So when you have stagnant revenue and spending is up 50 percent, guess what happens? The debt explodes. That's what has happened. That's the fiscal record of this administration.

Individual income taxes – you can see – they are actually still below their 2000 level. So much for this notion that you cut taxes you get more money. It is a nice theory, but it doesn't work in the real world.

The President in his remarks to the press was talking about how well revenue is doing and job growth is doing. If you compare this recovery – and let's be frank, the reason that we are seeing job growth, the reason we are seeing healthier growth in revenues now is because we are in a recovery. But when you compare this recovery to the nine recoveries since World War II, you see that this recovery is lagging way behind. In revenue, $127 billion short of the typical recovery since World War II.

Let's look at job creation, which is running 7.2 million private sector jobs short of the typical recovery since World War II. In other words, we've gone back and looked at all the recoveries – the major recoveries, the nine recoveries since World War II – and compared them to this recovery. And what we see is this recovery is running way behind the average of all of the major recoveries since World War II – way behind on job creation, way behind on business investment, way behind on revenue. So something is not working here.

The administration is now putting a lot of focus on spending. They ought to look in the mirror. because here is their record on spending. This is what they did with spending as a share of GDP – up, up, and away, significant increase from when they came into office.

In terms of the budget we proposed, we're taking spending down as a share of GDP, and that is what is going to allow us to balance by 2012. Under CBO scoring, we balance in 2012. The President never did balance in 2012 [under CBO scoring].

The bottom line here is that we have a long way to go to face up to the very serious long-term financial crunch the country faces. And unfortunately, this President has left us a legacy of debt – debt that is going to burden this country for generations to come, debt that has soared at the worst possible time, right before the baby boomers retire.