Transcript of Opening Floor Statement by Senator Kent Conrad (D-ND)
on FY 2005 Budget Resolution
March 8, 2004

The President has sent us a budget. I want to talk about that in part and then later on to talk about the chairman's mark.

First of all, I want to discus the budget the President sent to the Congress. In the President's budget, it spends $991,000 a minute more than it takes in. That is truly a stunning statistic. Every minute, under the President's plan, this country spends $991,000 more than it takes in.

In 2001, the President told us: “Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens.” That is what he told us in 2001.

Let us look at the result. We have seen the deficits absolutely skyrocketing. Here we are back in 2001, and we are still in the black. But look at where we have gone. So the President was wrong when he asserted that.

A year after the President's first budget, he said to us: “...[O]ur budget will run a deficit that will be small and short term.” This is after we saw a return of deficits which the President said would not happen. In the second year, he told us: “...[O]ur budget will run a deficit that will be small and short term.” That proved to be wrong as well. We don't see deficits that are small and short term. We see deficits that are large and long term.

In fact, this chart shows the operating deficits under the President's plan from this year going to the end of the budget period. You can see these are massive deficits, by far the biggest we have had in our country's history.

In the third year, the President told us: “[O]ur budget gap is small by historical standards.”

Let us look at in fact what has occurred with respect to that claim. You can see this goes back to 1969. It shows the deficits in dollar terms. It shows these are record budget deficits, the biggest we have ever had. So the President was wrong again.

The President said at the end of last year: “Now, we've laid out a plan that shows the deficit will be cut in half over the next five years, and that's good progress toward deficit reduction.” We have to ask, Is the President going to be wrong again?

This chart speaks to that. It shows, I believe, that the President will be absolutely wrong again, and wrong by a big margin. The President says in the fifth year the deficit will be $237 billion. But that is only the case if you leave out lots of items. If you leave out the $30 billion of additional war cost the Congressional Budget Office tells us we will still be facing in that fifth year; if you leave out the money needed to fix the alternative minimum tax, which was, as you know when it began, a millionaire's tax. Now it is rapidly becoming a middle-class tax. In fact, about 3 million people are now affected by the alternative minimum tax. By the end of this period, we will have 30 million to 40 million people affected by the alternative minimum tax.

In addition, the President is not talking about the money he will be taking from the Medicare trust fund, or the Social Security trust fund. In that fifth year alone, the President will be taking $235 billion from the Social Security trust fund. That is much bigger than his entire projected deficit for that year. Every penny of this has to be paid back, and the President has no plan to pay it back. The same is true with the Medicare surplus -- $22 billion he is borrowing from the Medicare trust fund, again with no plan to pay it back.

Of course, we have the Congressional Budget Office reestimate. They have looked at the President's numbers and made a change. They think the number will be bigger than the President anticipated.

If you add all of this up, instead of adding $237 billion to the debt in that fifth year, we believe under the President's plan he will be adding $600 billion to the debt.

What we have, I believe, is a consistent pattern by the President to hide from the American people the full story of our fiscal condition. Here is just a few of the ways he is hiding the full effect of his plan.

The first way he does it is he provides no new funding for ongoing operations in Iraq, Afghanistan, and the continuing war on terror, no new money past September 30 of this year. Does anybody seriously believe the war in Iraq, the war in Afghanistan, and the war on terror are going to end on September 30, which happens to be the end of the fiscal year? Does anybody believe that? That is what is in the President's budget. When we ask the President's representatives, they say: Well, it is hard for us to know what the cost will be. We can understand that. But the right answer is not zero, and the President is telling us there is no cost for the war on terror, no cost for the war in Afghanistan, no cost for the war in Iraq past September 30 of this year. The Congressional Budget Office tells us that, instead of a zero, we ought to be putting in $280 billion for these costs for the period 2005 to 2014. That is what they say the war cost will be going forward: $280 billion. The President has nothing.

But that is not the only place the President is failing to tell the American people what we really face. The Bush budget also hides the full story on the cost of extending the tax cuts. The President has come before us and said: Make all the tax cuts permanent. I wish we could do that. But look at what happens. This dotted line shown on the chart is the first 5 years. The Bush budget only covers the first 5 years. But look what happens to the cost of the tax cut right beyond the 5-year budget window. The cost of the tax cut explodes.

This is being hidden, in effect, from the American people. I think if they have a chance to see this information, they will realize the President has us on a fiscal course that simply does not add up. The deficits and debt absolutely skyrocket as we approach the retirement of the baby boom generation.

It is not just the war cost or the cost of the tax cuts, but we also see the same pattern with the alternative minimum tax. The alternative minimum tax was the tax that was designed to catch millionaires, catch people who were filing and paying no taxes. Remember, back in the 1980s, we had that circumstance where Congress found there were a number of people making, at that time, $200,000 a year, and there were 22 of them who did not pay a penny of tax.

In response to that, Congress put in place the alternative minimum tax. It affected a very small number of taxpayers. But it has not been adjusted since the time it was put in place, and now we have between 2 and 3 million people caught up in the alternative minimum tax.

But we have not seen anything yet because by the end of this 10-year period, they are telling us 40 million people will be caught up in the alternative minimum tax. The old millionaires' tax is swiftly becoming a middle-class tax trap. The President deals with the problem only for the first year in his budget. He does not deal with the soaring cost over the 10 years, again hiding the full story from the American people.

But perhaps the biggest place -- the biggest place -- the President is hiding the full effect of his budget policies is with respect to Social Security. The President, after pledging not to use Social Security to pay for tax cuts or other expenditures of Government, is now using, over the next 10 years, every penny of Social Security surplus. And remember, the word "surplus" is not accurate because the money is not extra. This is money that is needed when the baby boomers retire. It is surplus for the moment. That is money that should be used to pay down the debt or prepay the liability.

Instead, the President is taking it to pay for tax cuts and other things. He is taking every penny of Social Security surplus, not just this year, not just next year, not just for the next 5 years, but for the next 10 years under the President's plan -- and all of that at the worst possible time, right before the baby boomers begin to retire. Those funds will be needed to keep the promise made to them.

Remember, in 2001, the President told us he was going to have maximum paydown of the debt. He said he would virtually eliminate the debt. Well, he was wrong again. Because we see
the debt exploded. The gross debt of the United States was $5.8 trillion in 2001 when he took office. We now project -- using his tax cuts, the alternative minimum tax reform that will be required, and the ongoing war costs; just making those three corrections -- the gross debt of the United States will skyrocket to $14.8 trillion in 2014.

You wonder, where is all that money coming from. We are running up this huge debt. Where is this money coming from? Well, we have already seen the President is borrowing $2.4 trillion from the Social Security trust fund -- $2.4 trillion; every penny of the Social Security surplus. He is taking every penny available to borrow, and using it to pay for tax cuts and other things.

But that is not the only place from which he is borrowing. He has borrowed already $545 billion from Japan, $149 billion from China; he has borrowed $69 billion from the so-called

Caribbean banking centers; he has borrowed $58 billion from Hong Kong; he has even borrowed $43 billion from South Korea. I do not think this makes us stronger. I think this makes us weaker. And that is what has happened.

The President is very fond of saying it is the people's money; we have to give it back to them. Well, that may have made more sense when there was a surplus, but now that you are in deficit, it is the people's money, certainly, but it is also the people's debt. Where is the money coming from to finance this debt? It is coming from borrowing. We are borrowing from ourselves. We are borrowing from the Social Security trust fund, the Medicare trust fund, under the President's plan, and we are borrowing from countries all around the globe, money that will ultimately have to be paid back, and the President has no plan to do it.

Here are the implications of this policy. This is from a story that was in the Washington Post on January 26 of this year: "Economists Worry About Long-Term Effects of Weak Dollar and Heavy U.S. Borrowing." Here is what it said in the article: “Currency traders fretting over that dependency” – The dependency they are talking about is our need to borrow all this money, borrow from the budget deficit, now approaching $500 billion this year. We are also, in effect, borrowing from the rest of the world to finance our trade deficit, which is also about $500 billion a year. “Currency traders fretting over that dependency have been selling dollars fast and buying euros furiously. The fear is that foreigners will tire of financing America's appetites. Foreign investors will dump U.S. assets, especially stocks and bonds, sending financial markets plummeting. Interest rates will shoot up to entice them back. Heavily indebted Americans will not be able to keep up with rising interest payments. Inflation, bankruptcies and economic malaise will follow.”

That is the risk the President is running with these enormous deficits as far as the eye can see. We have a circumstance where we have run deficits in the short term. That is more understandable. We have been wracked by an attack on September 11. We have had an economic slowdown. We have a war in Afghanistan and Iraq. I think we can all understand that we would expect to run deficits in that circumstance.

The problem I see is the President's plan going forward. Because even when he sees economic recovery continuing, we are running deficits that are larger than anything we have seen in our country's history -- not just for the next few years but the next 5 years and the next 10 years.

When they said in the article that economists are worried about the long-term effect of the drop in the value of the dollar, here is what they are talking about. The dollar has declined more than 30 percent against the euro just since 2002. In other words, our currency has lost 30 percent of its value against the European currency in the last 2 years. That has enormous implications, both short term and long term.

In the short term, it helps us celebrate abroad. If our dollar is worth less, it makes it easier for us to sell abroad. It makes it harder for us to buy from other countries, so that gives a boost in the short term to our economy.

The problem is, if it continues for an extended period, then people who are investing in the United States in dollar-denominated securities may decide it is no longer advantageous to invest in dollar-denominated investments. They may decide it is time to diversify out of dollar-denominated investments. That could have a very serious and negative consequence on the American economy.

From the Washington Post this morning, I urge my colleagues to look at the story about Warren Buffett -- Warren Buffett, the second richest man in the world, somebody who is a patriotic American -- indicating that he is betting against the value of the U.S. dollar. He has bet $12 billion against the value of the American dollar.

I was just with a financial adviser, one of the most prominent financial advisers in America, who had a strategy meeting with one of America's wealthiest families. For the first time at their meeting, they decided to begin to invest in other than dollar-denominated investments because they believe the threat to the value of the American dollar to long-term American economic strength is being so undercut by these budget and trade deficits.

We have to get serious about the long-term economic security of our country. Do not take my word for it. This is from the President's own budget document. It is the long-term budget outlook. If we adopt the President's spending plan and if we adopt the President's tax plan, this is what it shows. This is a very sobering chart. It tells us that right now we are in the budget sweet spot. Even though this represents a record budget deficit, the biggest we ever had, it shows things getting somewhat better on a so-called unified basis when Social Security money is being used to pay our bills.

Look what happens in the long term as the baby boomers start to retire and the cost of the President's tax cuts explode: The deficits go right off the cliff, deficits that are utterly unsustainable and that fundamentally threaten the economic strength of the country. That is from the President's own budget document. That is their outlook of where this is all headed. This is a policy that cannot be justified over the long term. It is utterly unsustainable.

If you do not want to trust the President's numbers -- and I understand that after we have looked at the previous claims of what would happen -- this is what the Congressional Budget Office shows. It is exactly the same thing. This is their long-term budget outlook -- again, a percentage of GDP so the effect of inflation has been taken out.

They show, with the President's tax cuts, the need for alternative minimum tax reform, maintaining current spending policies, and, of course, the President is really increasing current spending because of the increases in defense and homeland security. Look what happens. The long-term deficits absolutely skyrocket.

All of this is happening at the worst possible time, as this chart shows. This chart shows the tax cuts explode as the trust fund cash surpluses become deficits. This chart shows, in green, the Social Security trust fund. The blue is the Medicare trust fund. The red are the tax cuts, both those already passed and those proposed by the President. What this chart shows is right now the surpluses in the Social Security and Medicare trust funds are offsetting the cost of the tax cuts. Look what happens when the trust funds go cash negative in 2016 and 2017. At the very time the cost of the tax cuts explode, that combination drives us right over the fiscal cliff. This sets up a very difficult set of choices for the future.

This is a joint statement by the Committee for Economic Development, the Concord Coalition, and the Council on Budget and Policy Priorities. In the fall of last year, trying to help people understand what we will face in the future as a result of digging the hole so deep now, this is what they said: "To get a sense of the magnitude of the deficits the nation is likely to face without a change in policies, consider that even with the full economic recovery that CBO forecasts and a decade of economic growth, balancing the budget by the end of the coming decade would entail such radical steps as: Raising individual and corporate income taxes by 27 percent; or eliminating Medicare entirely;" – We have had tough choices in the past. Wait and see what is to come. Three very serious groups are warning where we are heading. Continuing: "Raising individual and corporate income taxes by 27 percent; or eliminating Medicare entirely; or cutting Social Security benefits by 60 percent." – We have just had the head of the Federal Reserve, Chairman Greenspan, say we are overcommitted. He said we ought to consider cutting Social Security benefits. But he has not said cut Social Security benefits by 60 percent. That is what these three organizations are saying would be the options facing a future President and a future Congress if we stay on this current course. "Or shutting down three-fourths of the Defense
Department; or cutting all expenditures other than Social Security, Medicare, defense, homeland security, and interest payments on the debt including expenditure on the debt – including expenditures for education, transportation, housing, the environment, law enforcement, National Parks, research on diseases, and the rest -- by 40 percent."

I hope our colleagues are listening. I hope they are paying attention. We are on a course that is a reckless course. It is not a conservative course. It is a radical course. It is a course that is utterly unsustainable and will lead us into very serious trouble.

If we look at what has happened to spending, it is important to know, again, if we look at total Federal spending, a share of GDP, and we go from 1981, we reached a peak in 1983 of 23.5 percent of gross domestic product going to the Federal Government and then it zigzagged.

In 1991, we put in place a 5-year budget plan that took spending down each and every year as a share of gross domestic production. Then, in 1997, we passed a bipartisan plan that took us down even further, so that in 2001 we were down to 18.4 percent of gross domestic production.

The Federal Government spending had come down very sharply in that 20-year period. Now we have had this tick-up, and this tick-up primarily has been for defense, homeland security, and the response to the September 11 attack, rebuilding New York, and bailing out the airlines. Even with that tick-up, we see we are still well below the spending levels of the 1980s and 1990s in terms of what the Federal Government is spending.

If we turn to the revenue side, we see quite a different picture. On the revenue side, we can see the revenue side of the equation has just collapsed. In 2004, we now expect revenue to be 15.8 percent of gross domestic production. The revenue has just collapsed. We will have the lowest revenue as a share of gross domestic production since 1950.

Spending is down substantially from where it was in the eighties and nineties, however up from where it was in 2001 because of the increases for defense. Ninety-one percent of the increases have been for defense, homeland security, and the response to the attacks of September 11.

Look what has happened on the revenue side of the equation. The revenue side of the equation has collapsed. About half this is due to the tax cuts. The other half is due to the economic slowdown. Again, we have a real problem on the revenue side of this equation.

The President said last month in a speech in Louisville: "We've got plenty of money in Washington, DC, by the way." We do not have plenty of money to pay the bills. There is a lot of money here, there is no question about that, but we cannot pay our bills and we cannot come anywhere close to paying our bills. So when the President says we have plenty of money here, he certainly is right, these are very big numbers with which we are dealing, but we do not have enough money to pay the bills.

We are going to hear from the other side that the President has done a good job with his budgets getting the economy growing again. If we look at the economic record of this President, what we see is, in terms of creating private sector jobs, this administration is the first one in 70 years to lose private sector jobs. It is pretty stunning. If you look back, every single President -- President Roosevelt, President Truman, President Eisenhower, President Kennedy, President Johnson, President Nixon, President Ford, President Carter, President Reagan, President Bush 41, and President Clinton all had positive job creation in the private sector. We have to go all the way back to Herbert Hoover to see a President who has lost private sector jobs. That does not tell the full story because as we look at what has happened and compare it to history, what we see
should be of concern to all of us.

I asked my staff to go back and look at what has happened in the previous times when we had an economic slowdown. I asked them to look at the last nine recessions we have had since World War II and compare job recovery out of those recessions to what is happening now because I think this should alert all of us. Something is wrong, and we have to diagnose what it is. I have some ideas. I am sure my colleagues will have some ideas, but there is something very wrong happening.

This is a chart of a fit line looking at what happened in the last nine recessions. We have a dotted red line, the average of nine recessions since World War II coming out of recessions. The bottom of the chart is the months after the business cycle peak. What we see is about 17 months after the peak, there is typically a strong job recovery. That is about 17 months after the business peak.

Look at what has happened this time. We are now 35 months or 36 months past the business cycle peak and still we see no substantial job recovery. In fact, we are now 5.4 million jobs short of the typical recovery.

If we were comparing to just one time, I would be less concerned, but this is every recession since World War II, nine recessions, and if we compare what has happened in each of those to what is happening this time, something is wrong. Something is radically wrong. Typically in these other cases, 17 or 18 months past the business cycle peak, we started to see very strong job recovery. Here we are 37 months past the business cycle peak and we still do not see job recovery. As I indicated, we are 5.4 million jobs short of the typical recovery. In fact, it is not just of a typical recovery; it is of every other recovery since World War II. In the nine previous recessions, every other time, by this time, we would have been strongly recovering. It has not happened.

Again, we are going to hear from the other side that things are pretty good. What we see here is the smallest share of the population is at work since 1994. Again, this is a warning signal to us. Madam President, 62.2 percent of the population is employed now. We see the percentage of the population employed down very sharply from 2000 to now -- down very sharply. Only 62.2 percent of the population is employed. We have to go all the way back to 1994 to see a number that weak.

It is not just that statistic which ought to concern us. We also see the longest average duration of unemployment in over 20 years -- that is, if we look at how long people are unemployed, we find they are staying unemployed for a longer period than any time in the last 20 years. In other words, people are not finding jobs quickly when they become unemployed. When they are laid off, they are not finding jobs for extended periods of time.

This side of the graph is over 20 weeks people have been waiting to find a new job. Again, that takes you all the way back to 1984 to see people having to wait so long to find other work.

I also asked my staff to look at what has happened to real wages during the Bush administration and compare it to the previous administration. Here is what we found. If we go back to 1996, the average wages in the country were $485. By the end of the Clinton administration, it got up to $530. During the Bush administration, average wages have only gone up $8 a week. That is very weak in historical comparison. Again, it is another warning sign that the set of policies which are in place are not working appropriately.

I know we will hear the other side talk about the stock market recovery that has taken place, and that certainly has been welcomed. It is much better than where we were. We need to remind ourselves where we are now compared to where we were. As this chart shows, the market recovery still leaves stock prices at 1998 levels. We have to go back 6 years to find the stock market at this level.

Another point we have heard from the other side -- and I am sure we will hear again -- is don't worry, it is the surveys that are at fault; that is what is misleading us as to what is going on in terms of employment. They will say over and over that the household survey -- we heard this in the Budget Committee debate -- the household survey is the one to which we ought to be paying attention, but that contradicts their Commissioner of the Bureau of Labor Statistics in testimony before the Joint Economic Committee. The Commissioner said: “The payroll survey is the best indicator of current job trends.” That is what we have used here in these statistics. I am sure we will hear the other side argue, as they have in the Budget Committee, that the household survey is better. But the person who is in charge of the Bureau of Labor Statistics contradicts that and says the payroll survey is the best indicator of current job trends.

If we look at the President's economic report that was issued on February 9, just a month ago, they said in that report: “[W]e expect sort of an average jobs in 2004 to be 2.6 million more than jobs in 2003.”

This is the President's economic report. This is his prediction of what is going to happen, that there are going to be 2.6 million more jobs this year than last year. From here going forward, that would require the creation of 520,000 jobs a month.

Let's do a little reality test. Here is what happened in February: The increase in jobs was not 520,000 for that month. It was 21,000. In the private sector, there were no new jobs. Every one of these jobs was a Government job. Of the 21,000 jobs created in February, every single one of them was a Government job. There were no private sector jobs created. The President's report says there are going to be 520,000 jobs created if we are going to meet their claim that there are going to be 2.6 million more jobs by the third quarter of 2004 compared to the third quarter of 2003. For that to come true, they would have to generate 520,000 jobs a month. In February, it was 21,000 jobs and not a single one of them was in the private sector. Every single one of these new jobs in February was in the Government.

So the President's plan is not working. He told us in 2001 this plan would not create deficits. It has created the biggest deficits in our country's history. He told us it would create jobs. Here we are 3 years later. Where are the jobs?

This is what consumers believe is happening. Consumers believe jobs are hard to get. Eighty-eight percent believe jobs are not plentiful or are hard to get. Only 12 percent believe jobs are plentiful. It is not just with respect to recovery. It is not just with respect to job creation. It is not just with respect to people having an opportunity to find a new place if they lose their old job. We are also seeing the wage growth of production workers starting to fall behind inflation.

This green line shows the average hourly earnings of production of nonsupervisory workers. Let's look at this because it goes back to 2001. This is the 12-month percentage change. Back in 2001, we saw an average hour of earning increasing at a rate of over 4 percent. Since that time, it has been almost a steady downward pattern. We see now average wages are going up between 1.5 percent and 2 percent. The red line shows consumer prices, and this year we have now seen the lines cross, so that hourly average earnings are not keeping up with inflation. We are not seeing them keep pace with the increases in consumer prices, another warning sign this is a policy that is not working.

This is our initial take on the President's budget. We think it is taking us in the wrong direction. Let me be clear. When the President came into office in 2001, on our side we proposed a much larger tax reduction in the near term than did the President. I know many people will be surprised by that, but it is a fact. We proposed a budget that had much bigger tax cuts in the short term, to give lift to the economy, than did the President. But we had much less in tax cuts over the 10-year period, about half as many, to avoid going into this deficit swamp.

In retrospect, we were right. It was right to have tax cuts on the front end to give lift to the economy. The economy clearly needed it. It was a mistake for the President to propose these massive tax cuts going out for years into the future when we had the baby boom generation about to begin retiring. It is the combination of policies the President has pursued that we believe is a mistake. We believe, yes, we should have had tax cuts in the short term to give lift to the economy, although we would have chosen a different mix of tax cuts than the President did.

Interestingly enough, the President adopted some of our suggestions, the 10-percent rate, the child care credit, reducing the marriage penalty, and we salute him for that. Those are policies many of us on this side agreed with. But the President also adopted dramatic cuts in capital gains and dividend taxation. These are taxation policies the Congressional Budget Office told us would give us very little bang for the buck in terms of job creation and economic growth. I think the Congressional Budget Office was right. I think that particular mix of tax cuts the President chose was not the right mix to give maximal lift to the economy in the short term.

As we see going forward, the President's tax cuts are so large they fundamentally threaten our long-term economic security. That is where we have the significant difference.

I am pleased to see members of the Budget Committee in the Senate and the House have not adopted the President's full tax cut proposal going forward. Now maybe it will occur in later years, past the 5 years. None of us can know that now, but at least in this budget cycle they are not endorsing the President's plan to have another trillion and a half dollars of tax cuts when we already have the largest deficits in the history of our country and we are about to have the baby boomers begin to retire, which will dramatically increase the expenditures of the Federal Government, because that is one thing we know. The baby boomers are not a projection; they are out there. They have been born. They are alive. They are eligible for Social Security and Medicare, and we are faced with a circumstance in which we have to start making very tough decisions.

My own belief is we have to be tough on the spending side of the equation and we have to be tough on the revenue side of the equation. We have to slow the growth of Federal spending. On the other side of the equation, we have to do something about the revenue mess because the revenue this year is the lowest as a percentage of gross domestic product since 1950. When the revenue was high as the share of gross domestic product, the President said we needed tax cuts. Now that it is the lowest it has been since 1950, the President's answer is, more tax cuts.

It does not matter what the problem is, this President comes up with the same answer:

Tax cuts, tax cuts, and tax cuts that primarily go to the wealthiest among us.

I have a chart with me which I will use later on that shows 33 percent of the tax cuts this President has proposed and those that have been enacted have gone to the wealthiest 1 percent, those earning over $337,000 a year. That is not a fair distribution of the tax cuts in this country. It is one reason we have a very weak job recovery, because the tax cuts that were selected were tax cuts that primarily went to the wealthiest among us rather than being targeted at middle-income people who would spend the money. So much of this money has gone to high-end people who save it.

As meritorious as it is to save money, and I try to remind my daughter of this from time to time, that saving is a good thing, but when talking about getting an economy moving we need that money to be spent, we need that money to be moving in the economy. If we look at this economic recovery that has occurred, to the extent it has occurred, there are many factors. One of the biggest factors is the monetary policy of this Nation.

The Federal Reserve has the most accommodative monetary policy in 40 years. It is a key reason this economy has recovered. We have combined debt in this country of over $20 trillion.

So an accommodative monitoring policy, the lowering of short-term interest rates from 6.5 percent down to 1 percent, has been a key reason for the lift of this economy. The second key reason for the lift of this economy has been the stimulus both on the tax side and the spending side. The two of them are about equal over this 3-year period.

If we look at the increased spending that has occurred – and it has been substantial since 2001 -- from 2001 to 2003, the Federal Government has increased expenditures by 20 percent. Of course, the tax cuts -- especially those geared to the middle class -- have helped give lift to this economy.

A third factor helping economic recovery has been the decline in the value of the dollar. That can have negative long-term consequences; but in the short term, a decline in the value of the dollar makes it easier for us to sell abroad, which helps our manufacturing industry and all those that export. It holds down imports because imports become more expensive. So that has helped give lift to the economy in the short term as well.

Madam President, the bottom line is that I believe the fiscal course the President is taking us on -- not so much in the short term, although that is of increasing concern, but the longer term proposals by the President are truly dangerous to the economic security of our country. The deficits are too large. They are too long lasting. They explode as the baby boomers retire and the full cost of the President's tax cuts become clear.

I believe we have a responsibility to alter that course. I believe it will become more and more clear in the months ahead that the course we are on is utterly unsustainable and fundamentally reckless. That is why we simply must change course.

I thank the Chair and yield the floor.