

**Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)
on Release of OMB's Mid-Session Review
August 22, 2001**

President Bush's campaign promises are unraveling. He claimed we could afford his massive tax cut, a big defense buildup, more money for education, and at the same time pay down the debt and protect Social Security and Medicare. He was wrong.

The Bush Administration was handed the largest budget surplus in our nation's history, and in less than seven months it has gone back to raiding not only the Medicare Trust Fund – which the Republican House leadership vowed to protect – but also, I believe, the Social Security Trust Funds – which the Administration promised would never be touched.

This is fiscal mismanagement 'Big Time.' And the Administration is still in denial. It put forward a budget that does not add up, and it now seems intent on covering up the damage. First, the Bush Administration must admit we have a problem. Then, the Administration has an obligation to tell the American people how it intends to protect the Social Security and Medicare trust funds from future raids and restore our nation's fiscal health.

The most troubling aspect of the numbers released today is that not only is President Bush poised to invade the Social Security and Medicare Trust Funds during an economic slowdown, but he is actually proposing to raid the Medicare Trust Funds and, I believe, the Social Security Trust Funds, when he is forecasting strong economic growth. That is a mistake. It will mean more debt, lower levels of savings and investment, and weaker economic growth.

Some members of the Bush Administration point out that Democrats supported a tax rebate in 2001. That is correct. In fact, Democrats proposed greater tax cuts this year to stimulate the economy than the Bush Administration. This Administration did not even propose a stimulus package in its April budget and resisted one until the very end. But Democrats opposed an accounting gimmick the Republicans used to shift \$33 billion in corporate tax payments from this fiscal year into next to cover up their raid of the trust funds in 2002. Now they have had to come up with another gimmick to hide the problem they created in 2001. Gimmicks breed more gimmicks.

Democrats favored a smaller tax reduction over the next 10 years than President Bush because we could see his plan threatened the Social Security and Medicare Trust Funds. Our warnings have proved to be accurate.

Let's be clear about what caused the nation's fading surplus. The dramatic reduction in our budget position was caused by the Republican-passed budget, their tax cut, and a weakening economy. It was not caused by spending over the amounts included in the Republican-written budget. The appropriations bills that have passed Congress have been within the limits of the Republican-crafted budget resolution. The major proposal for spending over the budget resolution is the President's own request for a major increase for defense.

We are prepared to work with this Administration, but we need to see real leadership from the President, not a refusal to face reality.