

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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**SENATE BUDGET COMMITTEE RANKING DEMOCRAT
RESPONDS TO LATEST CBO BUDGET PROJECTION**
Senator Conrad Cautions Against Abandoning Fiscal Discipline

Washington - Senator Kent Conrad, the Ranking Democrat on the Senate Budget Committee, cautioned against abandoning fiscal discipline as the Congressional Budget Office (CBO) unveiled its latest budget surplus projection. CBO Deputy Director Barry Anderson testified before the Senate Budget Committee today that the CBO is projecting a surplus of \$5.6 trillion over the next 10 years. With Social Security and Medicare surpluses removed from the projection, the real projected surplus stands at \$2.7 trillion.

While Conrad called the economic news "truly wonderful," the North Dakota Democrat urged his colleagues to continue using budget surpluses to pay down the national debt, to support a reasonable tax cut and to meet bipartisan high priority domestic needs such as defense, education and prescription drugs. He noted that President Bush's \$1.6 trillion tax cut proposal, and the \$400 billion of associated interest costs, is too large and that it would put our economic progress at risk.

"We can and will have a significant tax cut, but President Bush's proposal is simply too big," said Conrad. "It fails to leave room for high priority needs that already have bipartisan support such as a Medicare prescription drug benefit, the extension of the R&D tax credit, and education and defense proposals. It fails to leave room for strengthening Social Security in the face of the retiring baby boom generation. And it fails to leave room for the possibility that budget forecasters could be wrong."

Conrad further noted that President Bush's proposal could drive the nation back into deficit spending. "Given the uncertainty of 10 year projections, the President's proposal threatens to put us right back in the deficit ditch of the 1980's," said Conrad. "We should remember that the economic success that we achieved through the 1990's was due, in large part, to the fiscal discipline we demonstrated by paying down debt and controlling our spending. We shouldn't abandon that approach now. Those who advocate massive tax cuts and massive new spending programs could undermine everything we have accomplished in the last 8 years."

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