

**Transcript of Opening Remarks by Senator Kent Conrad (D-ND)  
at Press Conference Commenting on Federal Reserve Chairman Greenspan's  
Recommendation to Cut Social Security Benefits  
February 27, 2004**

I thought the statement from Chairman Greenspan that Social Security benefits should be cut was really a confirmation of how seriously wrong the President's budget plan has been. The Fed Chief said that future benefits must be curtailed. He said that in the same breath that he said we ought to make the tax cuts permanent. You know if you think about what's happening here, it really is remarkable.

This is what the President promised in 2002. He said, "None of the Social Security surplus will be used to fund other spending initiatives or tax relief." Now, he has broken that pledge completely.

As we look at his current budget, he is not only taking Social Security money to pay for other initiatives and tax cuts this year, he is taking every penny of Social Security surplus over the next decade – money that's really not in surplus because it's going to be needed when the baby boomers retire. He's taking every penny, \$2.4 trillion over the next 10 years, and using it to pay for tax cuts and other initiatives.

And if you do an analysis, which we've just completed, looking at that amount of money and comparing it to the tax cuts, both those implemented and those he proposes, over that same period, what you find is a very interesting relationship. The two are almost identical in size. The amount of money he's taking from the Social Security trust fund over the next 10 years is \$2.35 trillion. The amount of the tax cuts for that same period - \$2.34 trillion. Do you notice a relationship here?

In effect, what is happening is that he is taking revenue raised by payroll taxes, paid disproportionately by middle-income people, and using it to fund income tax cuts for the very wealthiest among us.

Let's look at that relationship, because it really jumps out at you. In essence, he is taking revenue raised by payroll taxes and using it to fund income tax cuts for, as I say, the wealthiest among us. The top one percent, those with incomes of more than \$337,000 a year, get 33 percent of the benefit of the tax cuts the President has shepherded through Congress and proposed. And you can see the top 20 percent get 69 percent of the benefit.

When you juxtapose that with Social Security what you see is that two-thirds of retirees rely on Social Security for more than half of their income. Thirty-one percent of Social Security beneficiaries get at least 90 percent of their income from Social Security. Another 33 percent get 50 to 89 percent of their income from Social Security. Thirty-six percent get less than half of their income from Social Security.

So what you have here is an enormous transfer of wealth. If you think about it, this is

truly a remarkable transfer of wealth from the many to the few. He is taking payroll tax dollars to pay for an income tax cut that goes to the richest people among us, and the logic of his budget irresponsibility is that the Chairman of the Federal Reserve now says you've got to cut Social Security benefits. If that isn't a warning signal on the recklessness of the course the President has taken this country on, I don't know what it will take to convince people of the dangerous course the President has embarked on.

Nearly 50 percent of beneficiaries of Social Security would be in poverty without Social Security. Without Social Security, 48 percent of beneficiaries would be in poverty. With Social Security, it's been reduced to nine percent. That is the dramatic impact of Social Security in our country. And again, the Chairman of the Federal Reserve now says these budget deficits are so massive, so serious that the answer is to cut Social Security benefits. He does it at the same time he says make the tax cuts permanent.

As Senator Corzine has shown with his chart, the tax cuts' 75-year cost is three times the 75-year shortfall in Social Security. Twelve trillion dollars is the 75-year cost of the President's tax cut. That is three times the 75-year shortfall in Social Security. To say that we ought to make the tax cuts permanent and to cut Social Security is wrong-headed; it's unfair; it would create very severe social dislocations. That cannot be the course this country takes.

This President is going to be treated very badly by history, because he told the American people, and he's told it over and over, a whole series of things that have proven to be wrong. He told us in 2001 we could have everything, a massive tax cut, big defense buildup, fully protect Social Security and Medicare, and he said he would have maximum pay down of the debt. He was wrong. He was wrong on every count. There was no pay down on the debt. The debt has exploded. He is not protecting Social Security and Medicare. He's looting it of every dollar that's available to take.

And this President told us a year after that, 'well, these deficits are going to be small and short-term.' Wrong again. They're huge and long-term. Then the next year he told us, 'well, don't worry, these deficits are small by historical standards.' They are record deficits, but we haven't seen anything yet, because if you look what happens right beyond the five-year budget window, when the baby boomers start to retire and the full cost of the President's tax cuts explode, he's taking us right over a cliff into deficit and debt land that threaten not only Social Security, but Medicare and most of the rest of government as we know it as well.

And now the President tells us not to worry. He's going to cut the deficit in half over the next five years. No he's not. He says that he's going to have a deficit of \$237 billion in the fifth year, but if you look at his own numbers, they show the debt increasing by over \$630 billion.

What kind of misleading talk is this? He is not squaring with the American people how serious our fiscal condition is. This is not a circumstance that is improving. This is a circumstance of record red ink that is going to get worse, much worse, when the baby boomers retire and the cost of the President's tax cuts explode. That is the reality, and it is time for people to stand up and tell the truth as they know it. That's what we're seeking to do here today, and to ask the President to renounce cutting Social Security benefits as a solution to the problem

he's created.