

SENATE BUDGET COMMITTEE

KENT CONRAD, RANKING MEMBER

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SENATOR KENT CONRAD (D-ND) DELIVERS THE DEMOCRATIC WEEKLY RADIO ADDRESS Saturday, March 5, 2005

Hello. I'm Senator Kent Conrad, the senior Democrat on the Senate Budget Committee.

In my home state of North Dakota, fiscal responsibility is more than a phrase. It's a way of life. We work hard, save what we can, and try not to live beyond our means.

That's why I am so concerned about our country's growing deficits and debt. In just four years, the country has moved from record surpluses to record shortfalls. Unfortunately, President Bush's budget will push our deficits and debt even higher.

The President's budget simply leaves out large costs to make the numbers look better. It leaves out any war cost past September 30th of this year. It leaves out the cost of fixing the Alternative Minimum Tax – the old millionaires tax that is rapidly becoming a middle-class tax trap. It leaves out the full cost of his tax cuts. And remarkably, his budget contains not one dime to fund his Social Security privatization plan.

The President talks about not wanting to pass on burdens to future generations. But his budget does precisely that – passing on a crippling and growing debt to our children and grandchildren.

These growing deficits and debt threaten our nation's long-term economic security. As deficits climb, we are borrowing more and more money from Japan, China, and even South Korea. That makes us weaker, not stronger.

We need to stop piling up money we owe to foreigners and start facing up to our nation's dramatically growing debt dependence.

The President says Social Security is headed for trouble. He is right. The Congressional Budget Office tells us by 2052, Social Security could meet only 78 percent of its obligations. Medicare is in even worse shape. The shortfall in Medicare is eight times the deficit in Social

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Security. But the President has no plan to deal with that. The truth is, we need to confront all these challenges sooner rather than later.

But the President's budget makes dealing with the Social Security problem even more difficult. Here's why:

In the President's budget he takes trillions of dollars of Social Security money to pay for other things. Then he takes trillions more to create private accounts. Those changes only dig the hole deeper.

Although the President doesn't talk about it, his plan would also cut Social Security benefits by 46 percent. Slashing benefits and hoping to make up the difference in the stock market is risky.

And your private account? There's a twist to that too. If you set aside \$1000 a year for 30 years and earn 6 ½ percent on your money, you will have \$99,000 at the end of that period. But wait. That's not yours free and clear. Why? Because the President's plan assumes the Social Security trust fund loaned you that money. And you have to pay it back with interest. That's \$86,000 you will have to pay back, not out of your personal account but through more cuts to your already-reduced Social Security benefit.

I'm not making this up. That's the way the President's plan works.

This nation is about to be hit with a tidal wave of new retirees. In just three years, the baby boomers will begin to retire. The demands on Social Security and Medicare will be dramatically increased. We as a nation must make hard choices to build our economic security. We must be honest about our deficits. We must return to budget discipline and prepare for the future.

We've got to save and invest now to strengthen the economy for the future, keep Social Security and Medicare solvent, and prevent more difficult choices down the road. When we come together, not as Democrats or Republicans, but as Americans, we can solve these problems and move this nation toward an even brighter future.

This is Senator Kent Conrad of North Dakota. Thanks for listening.

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