

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Press Conference Responding to Republican Budget Process Proposal
June 14, 2006**

I see my colleagues were here with their S-O-S plan. You know, S-O-S stands for 'Save Our Ship.' This S-O-S plan might be better termed 'Save Our Seats' because what they have come up with is a political plan. It has nothing to do with a budget plan, and I would submit to you the reason for that is they have been the architects of the greatest fiscal failure in the history of our country. They have run up the biggest deficits and the biggest debt we have ever seen.

Here is their record on deficits. This was the last year of the Clinton plan. We were running surpluses. And when our colleagues who have just been up here talking about their fiscal responsibility plan took over, here's what they produced – the biggest deficits in the history of the United States. And if the budget plan that they don't seem to be able to get passed were to pass, here is what it would do to the debt of the country. They'd run up the debt over the next five years another \$3 trillion.

That's why they are out here with a plan they call S-O-S. You'll notice it is all in red because that's what they're familiar with – red ink. That's what they've produced, an ocean of red ink. And that's what their budget plan will continue to produce, more red ink. And so they want to divert the country's attention and act as though they have a plan to be fiscally responsible. This is the giant hoax.

They would now create a fast track process to shred Social Security and Medicare, something they couldn't do in the normal process they seek to do with a special process. The extraordinary irony, and I'm sure it is not lost on any of you, is that they come up here, 13 strong, and tell you they have got a plan for new spending caps when the bill they've got out on the floor did away with the spending caps they put in place last year. Come on, is there no shame? Have they no concern about credibility? That takes the cake. In all the time I have been here – 20 years – I have never seen such a far-fetched claim as the one that was just made in this room moments ago.

They are for new budget caps when at the very moment they are on the floor of the Senate shredding the budget caps they put in place just last year. Come on. And in this bill that is on the floor they are waiving the point of order they just put in place last year – there would be a 60-vote point of order against new spending and new tax cuts and new debt if they didn't have a budget in place. And in the bill they have on the floor this very moment they waive that point of order, and they're talking about fiscal responsibility? My goodness, they really have gotten on desperate times.

This is their record. It took 42 Presidents 224 years to run up a trillion dollars of external debt. The folks who were just up here were the architects of more than doubling that amount of foreign debt in just the last five years. And they've got a plan for fiscal responsibility? You notice, they don't have a budget plan. You notice there's no budget plan here. They haven't passed a budget plan for this year. It was suppose to have been done April 15.

You don't see anything here that shows you how they would raise revenue or cut spending to actually balance a budget. All they have is a compilation of tired old gimmicks as a replacement for actually doing the job. Because the job they've actually done is to explode deficits and debt.

The result is that we now owe Japan over \$600 billion; we owe China over \$300 billion; we owe United Kingdom over \$180 billion.

Here's what the CBO Director said on March 15 before the House Rules Committee on the line item veto that they have as part of this collection. (Acting CBO Director Donald Marron) said it is unlikely to greatly affect the bottom line, "Such tools...cannot establish fiscal discipline unless there is a political consensus to do so..."

That's what is lacking in all of this. This is just a bunch of words on a page, words on a page – has nothing to do with actually reducing deficits and stopping the explosion of debt.

That's what is wrong with what you just heard from the other side. It is a great diversion. They don't want people focusing on what they have actually done and what they are doing. Instead, they want to create a diversion, an S-O-S. They need an S-O-S because they've got the ship of state headed for the shoal. They've got the ship of state headed for very serious waters. And so what they want to do is send up a giant smokescreen to hide where the ship is going.

I go back to what the President promised in 2002: "None of the Social Security surplus will be used to fund other spending initiatives or tax relief."

That's what they say. The words are easy. But if you compare it to the performance, here's what they've done on Social Security. They're taking every penny of Social Security surplus and using it to pay other bills. They're looting the Social Security trust fund, looting every trust fund in sight in order to float this boat.

Then they come up here with the 'Save Our Seats' plan. When it comes to fiscal responsibility, the Republicans have missed the target each and every year. They've plunged the nation into deep deficits and deep debt. Now their answer is not a budget plan – apparently they can't pass a budget plan – no, their answer is a handout. That's not what the country needs. The country needs real decisions. They need people who are going to step up and get this country back on track.

With that I would be happy to answer any questions that people have.

Question: Do you think this bill will just pass the committee next week, and then just die and not go anywhere further?

Conrad Answer:

You know, this is so off the mark of what is needed. What is needed is a bipartisan effort to get this country back on track. We need to do it sooner, rather than later. The leading edge of

the baby boomers are going to start to retire in 2008 and our Republican friends, they just want to keep cutting the tax base, cut that more and more, keep increasing spending.

It's interesting, isn't it, that on the day that they got the supplemental appropriations bill out on the floor, they add \$90 billion of funding – it's not in the budget, \$90 billion more of spending not in the budget – they come up and all of a sudden they have a renewed faith in fiscal responsibility. And they come up and they tell you they have these spending caps when in the bill that's on the floor right now they have removed the spending caps they put in place last year. That is breath-taking. In this very bill that is on the floor right now, they take away the budget point of order against new spending, new tax cuts and new debt if they didn't have a budget. They don't have a budget, so they waive that budget point of order. And they come up here and tell you they have more spending caps and more budget points of order.

Question: What are some specific proposals that Democrats want to put forward this year to reform the budget process?

Conrad Answer:

I am so glad you asked. First, paygo. Paygo, as you know, is one of the budget disciplines that helped us out of the debt situation in the 1980's and 1990's. And paygo is very simple. It says if you want new tax cuts you have to pay for them. If you want new spending, you have to pay for it. And if it is an extraordinary situation, you can get a supermajority vote to provide for tax cuts or new spending without the offsets. But at the core, paygo is designed to require people to either get a supermajority or to pay for new spending and new tax cuts.

In addition, I believe we ought to stop the raid on Social Security. We ought to say you cannot use Social Security funds for any other purpose. I think that would be a very good budget discipline to adopt. I have got it passed in the past in the Senate. The House wouldn't go along. I tell you that would discipline the budget process around here very quickly, if you couldn't be raiding every trust fund in sight.

Question: In the House, there's been some support from some Democrats, the Blue Dog conservative Democrat types, for at least the line item rescission proposal. Do you think that's possible that could happen here in the Senate?

Conrad Answer:

You know, far be it for me to predict who wants to sign on board the titanic. We've been down the road of line item veto. The Supreme Court spoke. They said it is unconstitutional.

When are we going to pick up our own socks around here and do the work? These guys have all these kind of automatic measures that are going to do the work for them. You know what? We're going to have to do the work. We're going to have to make the decisions. We're not going to be able to leave it up to some automatic pilot process.

It is very interesting – go study the record on Gramm-Rudman. They've trotted out Gramm-Rudman-Hollings. Remember? Well, at the beginning you had a \$200 billion deficit, and at the end you had a \$200 billion deficit. Well, that was certainly effective, because, you know what, they found all kinds of ways around it. Just like spending caps.

It is breathtaking. Here they are up here moments ago talking about these new spending caps when they've got a bill out on the floor that takes away the spending caps for 2006, 2007, 2008 that they put into place last year. And now they're up here telling you they have a new plan for spending caps. Did anybody ask them what did you do with the spending caps you just put in place last year? Haven't you just eliminated them in the bill you have out here on the floor right now?

I mean this is a charade. That's why I call this is the 'Save Our Seats' bill. They want to do everything but actually balance a budget. They want to talk about it. They want to all be for it, but they don't want to do anything to actually make it happen.

Question: How much is it a problem that the Iraq spending continues to be outside the normal budget process, and will Democrats support the McCain amendment to stop that?

Conrad Answer:

Yes, I strongly support it. I am going to cosponsor it. It is a significant problem. The overall budget problem we have is much larger than that, but it is a contributing factor. I remember when they first came with this process of putting it all in supplementals, and I said to the White House, 'Look, why don't you put it in the budget?' They said, "Well, we can't predict what it is going to be." I said, 'It's hard to predict. I'll give you that. The one thing we know for sure is the right answer isn't zero.' That's what they put in the budget. Zero. And then they come along with these supplementals completely outside the budget process. And, of course, all of us want to stand with the troops. All of us want to support them. All of us want to make certain they have everything that they need. So, we support these supplementals. But it is not the right way to run the fiscal affairs of this country, and it's a big reason why the deficit and debt are running amuck.

Question: I just want to doublecheck. When you are talking about getting rid of the caps, you're talking about the deeming resolution?

Conrad Answer: Yes.

Question: Is there anything in their package that you would support, or are you against each of the items?

Conrad Answer:

No, I'm sure there are things here that I could support. The point is this. Restoring fiscal responsibility is not a matter of a two-paged mimeographed handout that doesn't tell you about one spending cut that they would be for, or one revenue increase that they would support, or one effective step to reduce deficits and the explosion of debt. There's not one item in that handout. It is all this smoke and mirrors, painless way of dealing with what is an out of control debt that they have produced on their watch. And they have done nothing about it, and even this year they've produced no budget plan to begin to remedy the problem.

Question: What about the argument by Chairman Gregg that paygo, because of the way it works, is essentially quote a stalking horse for tax increases?

Conrad Answer:

It is a stalking horse for fiscal responsibility. What he is saying is that they are unwilling to cut any spending which the record shows spending has gone up significantly on their watch with them in total control. They control the White House. They control the House. They control the Senate. They say stop overspending. Hello? Whose overspending is it? They're in charge. It's their spending. They're cursing the darkness. Whose darkness is it? Why didn't they light a candle? Why didn't they light a candle and produce a budget that actually got some results?

Thank you.