

**Transcript of Remarks by Senate Budget Committee Ranking Member  
Kent Conrad (D-ND) at Press Conference on OMB's 2004 Mid-Session Review  
July 30, 2004**

Really, this is an extraordinary day. The administration announces the largest deficit in the history of the United States and they claim things are getting better. That is a remarkable claim. The worst deficit ever, and they say things are getting better.

This deficit shows this administration, this Bush administration that called themselves compassionate conservatives, are spending \$846,000 a minute more than it takes in.

You know, the thing I find most remarkable is what the Bush administration is saying about this record deficit. They're claiming there is improvement. This is what [the headline read in BNA today]: "Bush to hit campaign trail saying federal budget deficit now on decline." Now that is utterly preposterous.

It reminds me a little of the old lawyers talk about 'if you've got the facts, argue the facts; if you've got the law, argue the law; if you have neither, make things up.' Because that is what this administration has resorted to. They're just making things up. There is no decline in the deficit.

Let's look at what has happened to the deficit during the Bush years. You'll all recall he inherited a substantial budget surplus. During the Clinton years, we went from the record deficit under the previous Bush administration, to record surpluses. Now this administration has taken us back to record deficits. The first year he is responsible for, 2002, \$158 billion deficit. That's after he said there wouldn't be any deficits. The next year, last year, the deficit more than doubled to \$375 billion. And now this year they're telling us the deficit will be \$445 billion. And they call that a decline?

You know, where I learned my math, in Bismarck, North Dakota at Roosevelt School, \$445 billion is bigger than \$375 billion. It's not smaller, it's bigger. And this administration says the deficit is in decline? It's a little like the captain of the Titanic saying there is good news as the ship goes down, because it is not sinking as fast as he'd said it would. That's what this administration is taking credit for.

They earlier said the deficit would be even bigger than \$445 billion, but that was a bloated estimate. That was an estimate I think designed to lead to stories today where they claim there is a decline. I think they overestimated the deficit earlier, in fact, I said so at the time. I believed they were cooking the books with the exact idea in mind that as we got closer to the election they would then say, even though the deficit is bigger than last year, the biggest its ever been, 'oh, its not as big as we'd said it was going to be,' and then claim there's improvement.

I tell you, honestly, that is sad, that is pathetic, that this administration now, with their fiscal irresponsibility and their fiscal record of failure, would now assert that having a record deficit is an improvement.

If we look at the deterioration during the President's term, as Congressman Spratt showed, they claimed that this year there would be huge surpluses, when he came into office. Instead, there are huge deficits. It is interesting to look at the cause of the decline in our fiscal condition. Sixty-eight percent of the decline is on the revenue side of the ledger. Thirty-two percent is on the spending side of the ledger.

And let's just look at the record of this administration compared to the record of the three previous Presidents. Because I think it pretty well sums up what has occurred here. The Reagan years, of course, had massive deficits, made even worse by the previous Bush administration. And then during the Clinton administration deficits declined each and every year until we were in surplus. And look what this President has done, the deficit is skyrocketing. The deficit is out of control, the biggest it has ever been. There is no end in sight and he tells the American people he's going to cut the deficit in half over the next five years. Don't believe it. Don't believe it. It is not going to happen.

The only way he shows reductions in future years is he just leaves out things. He leaves out the vast majority of the cost of the war. He leaves out the Alternative Minimum Tax that needs fixing. He leaves out all kinds of things that everybody knows are going to happen.

So, what we have now is a President of the United States who is actively misleading the American people on the financial condition of the country. Shame on him. Shame on him. Shame on those in this administration who participate in this active attempt to mislead the American people. That's irresponsible.

This administration should have said to the American people, they should have acknowledged their fiscal failures and called for a bipartisan effort to get the fiscal train back on the track. That's what he should have done. That's what a responsible President would have done. Instead, this President claims things are getting better.

We'll be happy to take questions.

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One thing we should say is, what's perhaps most remarkable about the budget process under the Republicans – at a time when they control the White House; they control the Senate; they control the House; they produced no budget. First time in the history of the Congress that there has been a failure to produce a budget when one party controls it all. They control the House; they control the Senate; they control the White House; and they've not produced a budget. That is a remarkable failure by the Republican party.

And I believe they are going to pay a huge bill at the time of this election. Because I don't think the American people are going to much go for the idea that they run up this massive debt. As John has indicated, the amount that is being added to the debt of the United States this year is not the \$445 billion the administration advertises. It is well over \$600 billion that is going to be added to the nation's debt just this year. And this administration has got no plan. All they can

say is things are really getting better than our previous estimates – the previous estimates that were bloated and inflated in order to later claim that there was some progress being made, when in fact the deficit is the biggest in the history of the country.

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I think we should just conclude on the note that we in the Democratic party, those that have a special responsibility on the budget side, stand prepared to sit down with the administration to develop an action plan to address this looming crisis. The fact is, the country is in very serious financial condition and there is absolutely no better days in sight. If you look at the outyears of the President's plan, beyond the five-year budget window, things get much, much worse according to the President's own numbers. Even though these are record deficits, according to the President's own estimates, as the baby boomers retire and the full cost of the President's tax cuts explode, we are headed right over the fiscal cliff in this country. That has got enormous consequences for the strength of this nation, for our ability to defend ourselves, and for the economic future of the American people.

This president owes the American people an honest assessment of our current condition, and a plan for improvement. Let us just be clear. We are prepared to work with him, even now, even after these, what I consider to be serious misrepresentations of the fiscal condition of the country, we're prepared to sit down any time, any place, to develop a plan to get the country back on track.