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Senate

The Senate met at 9:33 a.m. and was called to order by the Honorable JAMES M. TALENT, a Senator from the State of Missouri.

The PRESIDING OFFICER. The Chaplain will lead the Senate in prayer. Today's guest Chaplain is Dr. K. Randel Everett of the John Leland Center for Theological Studies in Arlington, VA.

PRAYER

The guest Chaplain offered the following prayer:

May we pray.

Dear God, we bow our knees before You, from whom every family in Heaven and Earth derives its name, and ask that You will grant us to be filled with Your spirit, and with Your power that You might empower us to experience Your riches according to Your glory in our inner person.

Please give us courage that we might stand with confidence in a world of uncertainty.

Give us boldness that we might speak truth.

Give us humility that we might extend grace.

Give us compassion that we might act with kindness.

Give us patience that we might live wisely.

Give us faith in You that we might trust You with all of our heart and not to rely on our own understanding.

Dear Lord, today is a gift You have given us. May we experience Your joy through the lives and opportunities that await us. In thy name we pray. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JAMES M. TALENT led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, May 6, 2003.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JAMES M. TALENT, a Senator from the State of Missouri, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. TALENT assumed the Chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the majority leader.

SCHEDULE

Mr. FRIST. Mr. President, this morning the Senate will be in a period of morning business until 10:30 a.m.

Following morning business, the Senate will begin consideration of Calendar No. 79, S. 14, the energy bill. Under the previous agreement, no amendments to the bill will be in order until Thursday. However, Members are encouraged to come to the floor to make opening statements and to debate the merits of the bill.

Also, today the Senate will recess for the weekly party lunches from 12:30 to 2:15 p.m.

In addition to the energy bill, the Senate may begin consideration of any of the following items later today: The State Department reauthorization bill, the air cargo security bill, the FAA reauthorization bill, as well as any addi-

tional nominations that can be cleared over the course of the morning. There are still several judicial nominations that are on the calendar that may require rollcall votes and, therefore, Members should anticipate rollcall votes during today's session.

Under a unanimous consent agreement reached last night, on Wednesday the Senate will begin consideration of the NATO Expansion Treaty. The agreement allows for two amendments to be considered on Wednesday. However, the Senate will not vote on the resolution of ratification until Thursday morning at 9:30 a.m.

I thank all Members for their attention. As always, we will notify Members as votes are scheduled today.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business until the hour of 10:30 a.m., with the time equally divided between the two leaders or their designees, with Senators permitted to speak for up to 10 minutes each.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I ask unanimous consent time under the previous quorum call be charged equally.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE BUDGET

Mr. CONRAD. Mr. President, I come to the Chamber today to talk about the budget circumstance in which we find ourselves, the President's proposal for additional tax cuts and, more largely, why I believe we are on a course that is utterly disconnected from reality.

First, let me say the news media reports of the tax cut debate are among the worst I have ever seen. I believe the American people listening to news reports would believe that we are debating a tax cut of either \$350 billion or \$550 billion and that the President proposed a tax cut of \$726 billion. That is what you read about; that is what you hear about; that is what is broadcast. But it is wrong. It is not even close to being right.

The President proposed a tax cut of \$1.6 trillion. This at a time when we are running record budget deficits. Let me make this clear. The deficit this year is going to be between \$500 and \$600 billion on a budget of \$2.2 trillion. That is a massive deficit, a record. We have never had a unified deficit above \$290 billion. Yet in that context, the President proposes large and exploding tax cuts that will dig the hole deeper and deeper. And the press reports that he has proposed \$700 billion in tax cuts. How can this be?

It is very simple. In the budget that was passed, there are two pots of money for tax cuts: the so-called reconciled tax cuts, the ones given special protection from the normal legislative process; and the unreconciled tax cuts, those that have to move in the regular order. If you put the two pots together, here is what passed the Senate and the House: \$1.3 trillion of tax cuts.

What passed the House was \$550 billion of so-called reconciled tax cuts; \$725 billion unreconciled. The press has completely forgotten and left out the \$725 billion. You don't see it reported anywhere. So it is not unusual.

I had a banker say to me this morning: Gee, Kent, I didn't realize that the President was seeking \$1.6 trillion of tax cuts. I thought it was \$726 billion and that the difference was between the \$350 billion that there was an agreement on in the Senate and the \$550 billion in the House. That sounds like a reasonable compromise.

Of course, that was missing the basic facts because the news media has failed utterly in its responsibility to share full information with the American public so they can make judgments

about what the policy of the country should be. This is a broad failure. It is truly remarkable. I read story after story in the most respected newspapers in America that the tax cut is \$550 billion or \$350 billion. That is just one part of a much larger tax cut proposal that is before us.

In the Senate, we passed the following: \$550 billion of reconciled tax cuts, protected from filibuster, given special protections in the Senate, and \$725 billion of unreconciled tax cuts.

Why does any of this matter? It matters because of what has happened. Two years ago we were told we could expect almost \$6 trillion of surpluses over the next decade. In fact, the specific number we were told by the administration was \$5.6 trillion of surpluses over the next decade. The Congressional Budget Office agreed with that. Now we see, just 2 years later, instead of surpluses, if we enact the Republican budget, the Congressional Budget Office tells us we will run \$2 trillion of deficits over that same period, 2002 to 2011. That is a reversal of \$7.6 trillion in just 2 years.

Where did the money go? The President said in a speech the other day that the reason for the disappearance of the surplus is the attack on the country and the weak economy. Those are two reasons, but they are not the biggest reason. He forgot the biggest reason. The biggest reason is the tax cuts, both already implemented and the additional ones proposed by the President.

If you look over the same 10-year period, 36 percent of the disappearance of the surplus is because of the tax cuts, both those already implemented and those proposed in the Republican budget. Twenty-eight percent is from the increased spending as a result of the attack on this country; that is, the increased defense spending, increased homeland security spending, the money to rebuild New York and the money to rebuild the Pentagon. Twenty-seven percent is because of revenue being lower than expected. Quite apart from the tax cuts, the revenue is also lower than anticipated. That trend is continuing. In a few moments, I will refer to the latest numbers on what is happening to our revenue. They are truly alarming.

I hope people are paying attention to the overall circumstance we face. We are in record budget deficit now. The President is proposing massive additional tax cuts, although he is also proposing increased spending, not reduced spending to pay for the tax cuts, but increased spending. We are on the eve of the retirement of the baby boom generation which will dramatically increase the cost to the Federal Government. Only 9 percent of the disappearance of the surplus is because of the economic downturn.

Some have suggested deficits are going to be relatively small and short term. That is not what we see. We see very large deficits continuing through-

out the entire decade. In fact, they never get below \$300 billion on an operating basis. Those are massive budget deficits by any calculation. These numbers probably substantially understate the deficit.

Let me repeat that. These numbers are according to the Congressional Budget Office. They exclude Social Security, setting Social Security aside, as it should be. You never have deficits over the entire next 10 years of less than \$300 billion.

But that badly understates how serious the deficit situation is going to be. There is no money in here for the reconstruction or the occupation of Iraq. There is no money in here to fix the alternative minimum tax, which is a ticking timebomb. Right now 2 million people are affected by the alternative minimum tax. By the end of this decade, it is going to be 40 million people affected. It costs \$600 billion to fix. There is no money in this budget for that. In truth, the revenue is still falling far short of expectations. That is not in these numbers, either.

This, although it is dire, understates the seriousness of the budget deficits we will face. Goldman Sachs just did an analysis. This is what they found. They concluded that instead of \$2 trillion of deficits over the 2002 to 2011 period, if we enact the President's plan over the next decade, the deficits will be over twice that: \$4.2 trillion over the 2004 to 2013 period. Remember, just 2 years ago we were told there was going to be \$5.6 trillion of surpluses. Now Goldman Sachs has done an analysis saying the true deficits are going to be closer to \$4 trillion over the 2004 to 2013 time period. That is an absolutely stunning reversal in just 2 years.

We were told 2 years ago that if we enacted the President's plan, we would pay off virtually all of the publicly held debt by 2008.

Now we see instead the gross debt of the United States exploding—\$6.7 trillion today. If the President's plan is enacted, and what has been passed in Congress goes through, the debt will increase—gross debt—to \$12 trillion in 2013, and this at the worst possible time. Why the worst possible time? Because the baby boom generation is going to start to retire. They are going to double the number of people eligible for Social Security and Medicare.

It is not surprising, then, that at the very time the President is asking for a big, new tax reduction, Republicans are asking for the biggest expansion of the debt in the history of the United States. Think about this. We cannot pay our bills, we are running record deficits, we are piling up debt at a record rate, and the President says let's cut revenues some more. Now, as a short-term matter, that might make some sense, to give lift to the economy. We know it stimulates the economy to cut taxes and to spend the money. Those two things stimulate the economy.

In the short-term, that would make sense to me. In fact, very little of the