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*Senate*

## CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2005 (cont.)

Mr. CARPER. I thank my colleague for yielding. I thank Senator *Feingold* and others on our side and the other side of the aisle for their work.

This is an important amendment. He is right. I don't know whether it is the most important amendment offered on this resolution, but it may well be. I would like to take a couple of minutes and look back a few years to some of the things that have been said by folks in our country and actually outside of our country.

I would like for us to go back to 2001, the first year George Bush was President. What he said was:

We can proceed with tax relief without fear of budget deficits.

We found out he was wrong.

A year or so later, he said:

Our budget will run a deficit that will be small and short term.

I am sorry to say he was wrong again.

In 2003, he said:

Our current deficit is not large by historical standards and is manageable.

That, too, is wrong.

This year, he is saying to us:

The deficit will be cut in half over the next 5 years.

Unfortunately, if we look more closely at what is going to happen over the next 5 years and beyond, the deficit may be trimmed a little bit, but it is going to begin to explode when my generation of baby boomers starts to retire in 5 or 6 years.

I want to share with my colleagues another quotation that occurred several years before these. It was not by an American but a fellow from Great Britain, Dennis Healy. In the late 1970s, he was Chancellor of the Exchequer. There was something he called the "theory of holes." The theory of holes goes something like this: When you find yourself in a hole, stop digging.

We are in a hole. We are in a huge hole. The hole of debt is almost \$7 trillion, up from about \$1 trillion in 1982. It is actually pretty modest compared to the hole we are going to be in in 2014. This red line represents money that we owe somebody. Those somebodies are going to want to be repaid. Do some of the people lending money to Uncle Sam live in this country? A lot of them don't. A lot of them live around the world. As they see this red ink accumulate, and as they see a nation not only living beyond its means financially through our Federal deficits but a nation that buys a lot more from overseas than we certainly sell to other countries, my fear is that what may well happen is those other countries will lend us so much money, but in order to continue to loan us more money, they are going to want a little higher interest rate--maybe significantly higher--as our creditors. If we begin to pay higher interest, we know what kind of adverse effect that can have on the economy of this country.

Look at one other chart. This is about the year 1999, 2000, when the budget deficits turned into surpluses. Now we are back in the soup. This is what the deficit looks like. In 2004, it is about \$600 billion. The reason this looks higher than some of us are used to is because this is the real operating deficit, when you take away the mask that is provided by Social Security. Social Security is going into the surplus, and it makes the operating deficit look smaller because we operate under a unified budget. After dropping down, it picks up to about three-quarters of a trillion dollars. That is 1 year. It will be over a quarter of a trillion dollars in 2014.

A week or so ago Alan Greenspan was before the Banking Committee. He was testifying. During the course of his testimony, and following his testimony, we

had the opportunity to ask him questions. I asked him questions about the potential of interest rates rising and what that might do to the economy. He expressed that could happen and, in fact, it would be a chilling one for the American economy.

We also talked about the proposal before us today that Senator *Feingold* is offering, this pay-as-you-go notion; the idea that if I wanted to raise spending further above the baseline of spending already built into our budget, I would have to come up with an offset. The idea is that if I wanted to lower revenues, cut taxes in some area, I would come up with an offset to equal out that effect.

I asked Chairman Greenspan--there are different approaches to pay-go. One, I call it pay-go ``lite," where it would only affect the spending side. If I had a spending increase I wanted to make, I would have to come up with the offset. I said, How about the other side of a pay-as-you-go, on the revenue side? I was trying to get him on the record to say that the pay-as-you-go should be applied both on the spending side and the revenue side.

This is what he said: What worked in the past is what we ought to do now. That is what he said. What worked in the past is what you, the Congress, ought to do now. What worked in the past? It was a pay-as-you-go approach that applied to both spending and revenues. Frankly, it worked real well in the past. It is not the only thing that worked well, but it was helpful. We have the opportunity to put it back into place. We ought to do it.

My dad, when I was a kid growing up, would say to my sister and me when we would do some foolish stunt and not show any forethought: Just use some common

sense. My guess is, if we were on the floor today and I asked Senator *Feingold*, or Senator *Conrad*, or the Presiding Officer, to go back to your childhood and think about things your parents used to say to you, you could all think of something they would say to you to try to drum into your heads. My dad would say more times than I would care to remember: Just use some common sense.

When we have an annual budget deficit that is approaching \$600 billion, when we have a national debt that is now at about \$7 trillion, I think a good test of common sense is, when any Senator wants to raise spending to make this situation worse, or any Senator wants to cut the revenue base to make this situation worse, we ought to say: How are you going to pay for it? If I don't have a good answer, we should not do what I want to do--either raising spending or cutting revenues. In my dad's words, that would be using common sense. We need some common sense. This amendment will provide that.