

Floor Statement by Senate Budget Committee Chairman

Kent Conrad (D-ND) on AMT and Paygo

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Moments ago I heard my colleague from Arizona, who is a member of the Finance Committee, as am I, talking about eliminating the alternative minimum tax. Most of us in this Chamber know we have a problem with the alternative minimum tax that is going to affect 23 million Americans, up from nearly 4 million last year, if we fail to act. But the notion that we eliminate the alternative minimum tax and not pay for it I find breathtaking.

Why? Because unless we replace that revenue, we will have to go out and borrow another \$870 billion over the next 10 years. In fact, some of my colleagues in a meeting yesterday of the Finance Committee said let's not only eliminate the alternative minimum tax and not pay for it, let's eliminate or extend the 2001 and 2003 tax cuts and not pay for that either, not reduce spending or replace it with other revenue.

The effect of those proposals would be \$4 trillion of additional debt after they have already run up the debt of the country by \$3 trillion in the last 6 years alone, a 50-percent increase in the debt. I find that not just irresponsible, I find it wildly irresponsible.

From where is this money going to come? It would be borrowed. From whom would we borrow it? Right now, over half the money we are borrowing to float this Federal Government we are borrowing from abroad and primarily the Japanese and the Chinese.

So when my colleagues come out and say let's have a bunch more tax cuts and not pay for them, by either reducing spending or replacing it with other revenue, understand what they are saying. What they are saying is let's go borrow a bunch more money from China and Japan.

Some people say it is a sign of strength that they will loan us this money. That is an interesting idea of strength. I had a man in my office the other day, one of the wealthiest men in America. He said to me: I believe America is in danger of following the path of Great Britain, a great empire in decline, because we are not responsible about our financial commitments and we get into this idea of spending money we don't have and borrowing it primarily from abroad.

It leaves me cold to hear some of my colleagues talk about supporting every tax cut, supporting every spending initiative, wanting another \$200 billion for the war in Iraq and not willing to pay for any of it. That is what will bring America down. That is what

will weaken this country. That is what will leave us deep in debt and a debt that we will owe all around the world.

We are increasingly dependent on the kindness of strangers. At some point, we have to get serious around here and become responsible. Those who embrace every spending initiative of every tax cut and then call themselves fiscally responsible have gone beyond the pale.

I thank the Chair and yield the floor.