

Statement of Senator Kent Conrad

Hearing on

**“Safeguarding the American Dream:
Prospects for Our Economic Future and Proposals to Secure It”**

**Committee on Homeland Security and Governmental Affairs
December 17, 2009**

Thank you, Senator Lieberman and Senator Collins, for your invitation to appear before this Committee. And it is, as always, an honor to join my friend and the distinguished Ranking Member of the Senate Budget Committee, Judd Gregg, to discuss the critical issues we face concerning the long-term fiscal health of our country.

Senator Lieberman, you have been a leader in the Senate bringing attention to our long-term fiscal crisis. Along with Senator Voinovich, you have introduced “Securing America's Future Economy Commission Act” or “SAFE Commission Act,” which would establish a special process to develop legislation to significantly improve the federal government’s long-term fiscal imbalance. I believe that a special process is absolutely necessary to secure our economic future.

As you know, just last week Senator Gregg and I reintroduced our proposal for a similar special process, the “Bipartisan Task Force for Responsible Fiscal Action Act of 2009.” That bill already has the support of a bipartisan group of 33 Senators – 19 Republicans and 14 Democrats – including you, Senator Lieberman. I thank you for your support. 33 co-sponsors is truly remarkable. It shows how many of us in this body have come to the conclusion that the regular legislative process is incapable of making the changes needed to put our nation on a sound long-term fiscal course.

Before I discuss the specifics of the Conrad-Gregg Task Force, allow me to take a moment to discuss how I see our economic future and why I think some sort of special process is so important.

Nothing short of the economic future of our nation is at stake. Here is *Newsweek’s* cover story from December 7, 2009: “*How Great Powers Fall: Steep Debt, Slow Growth, and High Spending Kill Empires – And America Could Be Next.*”



And here is what the article says:

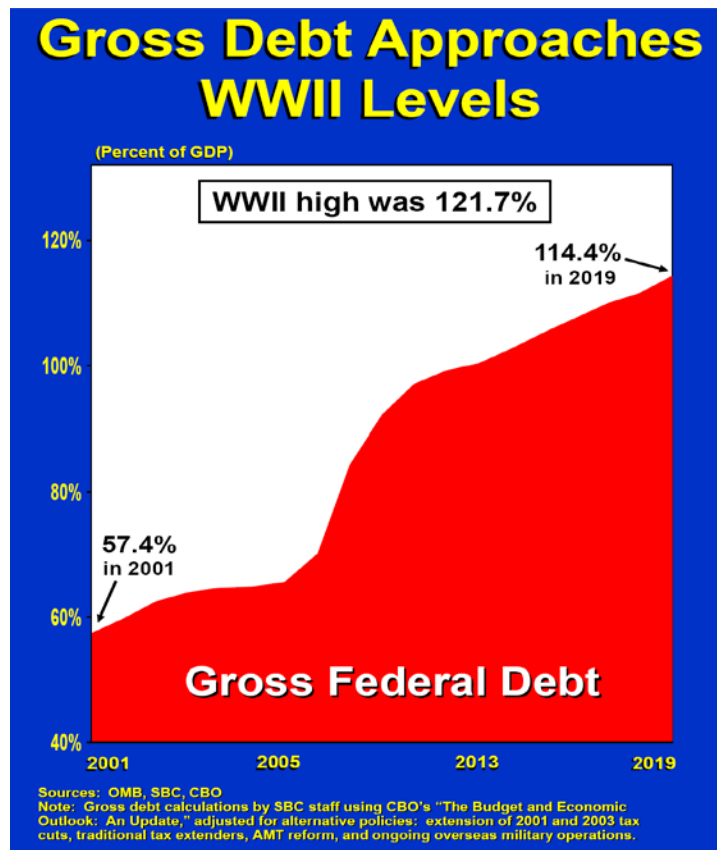
Newsweek: “An Empire At Risk”

“This is how empires decline. It begins with a debt explosion. It ends with an inexorable reduction in the resources available for the Army, Navy, and Air Force.... If the United States doesn’t come up soon with a credible plan to restore the federal budget to balance over the next five to 10 years, the danger is very real that a debt crisis could lead to a major weakening of American power.”

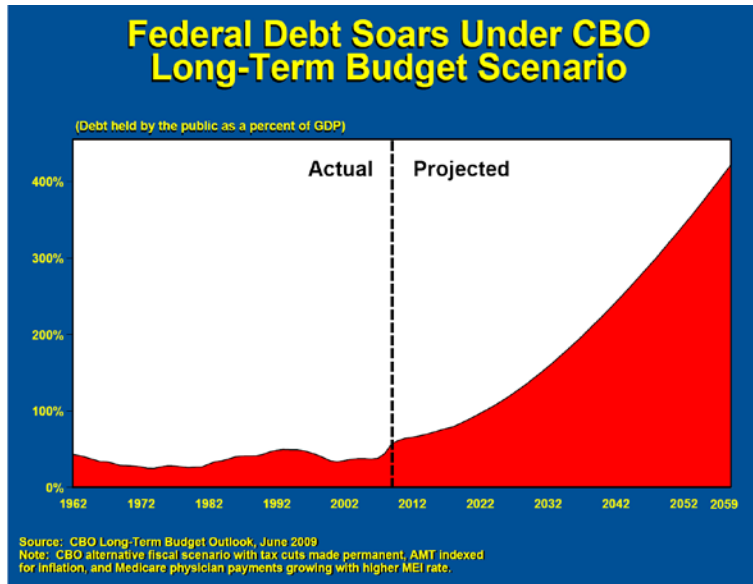
– Newsweek cover story
By Niall Ferguson
November 28, 2009

We can’t allow that to happen.

The debt explosion in our country has already begun. Under one ten-year scenario, gross federal debt could rise to more than 114 percent of GDP by 2019. That is approaching the record 121.7 percent of GDP debt level reached at the end of World War II.



And the long-term debt outlook is even worse. According to CBO's long-term budget outlook, over the next 50 years, with rising health care costs, the retirement of the baby boom generation, and the permanent extension of all of the 2001 and 2003 tax cuts, federal debt could climb to more than 400 percent of GDP. That is a completely unsustainable course.



We believe our Task Force proposal will work because it is based on several key principles.

First, it is based on the principle of accountability. This means the bipartisan leadership at the highest levels of the government would be responsible for the panel's outcome.

Bipartisan Fiscal Task Force - Accountability

- All Task Force members directly accountable to American people
- 18 members – 10 Democrats (2 from Administration) and 8 Republicans
- Currently-serving members of Congress selected by Democratic and Republican leaders
- Treasury Secretary and one other administration official

Second, the Task Force would have broad coverage. We can't solve this problem by looking at only one side of the ledger.

Bipartisan Fiscal Task Force - Broad Coverage

- Everything on the table
- Spending and revenues

Third, the Task Force would follow an expedited process.

Bipartisan Fiscal Task Force - Expedited Process

- Recommendations to be submitted after 2010 election
- Fast-track consideration in Senate and House
- No amendments
- Final vote before 111th Congress adjourns

Fourth, and most importantly, the Task Force would ensure a bipartisan outcome.

Bipartisan Fiscal Task Force - Bipartisan Outcome

- 14 of 18 Task Force members must agree to recommendations
- Final passage requires supermajorities (3/5 vote) in both Senate and House
- President must still sign – retains veto power

This is the best way to accomplish the changes that are needed and to maintain them over time. No one party can or will do this on its own. Both parties must be invested in the outcome and committed to its success.

This is the formulation Senator Gregg and I came to after many months of negotiating. It is very similar to your SAFE Commission. Both of our proposals require bipartisanship, in the Task Force and in Congress. Both require that everything be on the table. And both guarantee that the Task Force's recommendations get a vote in Congress. These elements are crucial.

Your proposal would have some private citizens serve on the SAFE Commission and require the Commission to hold public town hall meetings. These are worthy ideas. We held a Budget Committee hearing on this topic in November and you testified about the SAFE Commission. And as a result of that hearing, Senator Gregg and I made changes to our Task Force that would allow it to benefit from the assistance of knowledgeable and reputable citizens as part of an advisory panel. These same people could help the Task Force engage the public and build support for their ideas.

One area where our proposals differ is in the use of alternative ways of budget scoring to evaluate the long-term effect of Task Force recommendations. The discussion about whether there are better ways to evaluate the budgetary effects of legislation is complicated. I prefer traditional, CBO scoring.

Senator Lieberman, the work of any Task Force like you and I have proposed will not just be formidable, but it is critical to our country and must begin as soon as possible. Thank you and Senator Collins for the opportunity to discuss this issue, and keep it squarely before the Senate and the American people.