

This week, the nonpartisan Congressional Budget Office (CBO) released a revised estimate for the Fiscal Year (FY) 2005 budget deficit – and it ought to concern all Americans.

Without question, our nation's fiscal condition has deteriorated markedly in the last four years. When President Bush took office in 2001, he inherited four straight budget surpluses and a projected 10-year surplus of some \$5.6 trillion. Today, those surpluses have been turned into record annual deficits.

Earlier this year, the CBO projected that the FY05 budget deficit would be \$390. On Monday, it revised this figure downward \$331 billion.

But this reduction in the deficit is hardly cause for jubilation. The lower estimate of \$331 billion would still constitute the third worst deficit in American history, topped only by the deficit of \$412 billion in FY04 and \$378 billion in FY03.

And, as the CBO itself pointed out: "The budget outlook for 2005 has improved noticeably, but the longer-term outlook has changed little." Projected deficits over the next decade, the CBO stated, "are essentially unchanged."

The Concord Coalition, a bipartisan budget watchdog group, estimates that the "plausible baseline" deficit over the next 10 years will be \$5.7 trillion. The Concord Coalition assumes that all expiring tax provisions will be made permanent, and that relief from the Alternative Minimum Tax will be extended. It also assumes that discretionary spending will grow at a faster rate than inflation, and that funding for operations in Iraq and Afghanistan will gradually slow.

"Today's [CBO] report provides no comfort for those who hope that deficits will simply fade away on their own," said Robert Bixby, executive director of the Concord Coalition. "Political leaders are going to have to do something about them . . . The sooner they, and the public, face up to them the better."

That sound advice, however, has been disregarded by President Bush and Congressional Republicans, who continue to disclaim responsibility for our nation's fiscal condition and who

deny that their policies have contributed in any way to this growing sea of red ink.

I believe the time has come for straight talk.

It is imperative that Democrats and Republicans work together to rein in these mammoth deficits. If we do not, there will be real and alarming consequences for our economy and our national security. And, we will force future generations of Americans to pay this generation's bills.

That is not just unfair. I believe it is immoral.

Why is all this important? Because, while the budget deficit is so large it is often difficult to comprehend, it will affect interest rates and can crowd out private investment, leaving our nation more dependent on foreign borrowing and vulnerable to economic instability abroad.

In fact, the share of the debt that is foreign-owned has risen to 44 percent under the Bush Administration – up from 30 percent in 2000.

In addition, continued deficit spending forces our nation to spend more of its resources just to pay interest on the national debt – resources that could be used otherwise.

If our nation did not have to pay interest on the national debt, those resources could be used in the following ways, according to the House Budget Committee Democrats:

- \$1 million a day could be invested in every single Congressional district,
- health care could be provided to 79,925 more veterans,
- 60,790 children could be enrolled in Head Start for an entire year, and

- Social Security's solvency could be improved by almost half a billion dollars.

Enormous budget deficits have severe consequences that cannot be overlooked or casually dismissed.

Democrats remain committed to restoring fiscal responsibility to the government, and we have a plan to do so. We proposed a budget this year that would return the budget to balance by 2012.

And, we continue to fight for the reinstatement of pay-as-you-go budget rules that were adopted on a bipartisan basis in 1997, but have since been allowed to lapse by Congressional Republicans. Those budget rules were, in large measure, responsible for restoring order to our fiscal house in the 1990s, and they are critical to our efforts to do so again today.