The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I support a significant tax cut for all Americans. I proposed and voted for a $900 billion tax cut. I think that is a level we can afford, one that will accommodate protecting the Social Security and Medicare trust funds, one that will permit us to set aside money to strengthen Social Security for the future, one that will allow us to reserve resources for important domestic priorities.

I cannot support this conference report because it does not permit us to protect Social Security and Medicare. It threatens to put us back into deficit. It threatens to put us back into building debt after a decade of getting our fiscal house in order.

This morning's Washington Post labels this conference report for what it is, ''Tax Fraud.'' It says:

> The House-Senate tax cut conferees came up with a way, yesterday, to stuff even more cuts into the bill without appearing to break the cost ceiling that Congress virtuously imposed on itself earlier in the year.

They went on to say:

> Without apparent embarrassment, they adopted the mother of all accounting gimmicks. To keep the supposed 10-year cost of the bill at $1.35 trillion, they will pretend that major provisions expire after nine years.

What they have done is alter the calendar. In a bill that is to cover 10 years, they just took off the last year. What is the effect of that? The Washington Post says:

> This is a permanent tax cut masquerading as temporary. But the masquerade is all that matters. The accounting conventions allow the conferees to claim that they've done what they said they would. Once again what they've really done is mortgage the long-term future for short-term political gain.

They go on to say:

> When the gimmicks are removed from the bill, the true cost is three times what the sponsors pretend—perhaps $4 trillion over [the second] 10 years.

Instead of a $1.35 trillion tax cut, which is what was agreed to just weeks ago, the true cost of this bill over the period of the budget is $1.7 trillion.

Those who have said they somehow negotiated a reduction from what the President was seeking, to be more fiscally responsible, have come back with a conference report that does not do it. It does not reduce the size of the President's proposal because they take the 10 years, and put it into 9. If you make an honest assessment of the full 10-year cost, you are at $1.7 trillion.

The accounting gimmicks do not end there. As the Washington Post indicated, this bill is massively backloaded. It is advertised, in the first 10 years, as costing $1.35 trillion. But in the next 10 years it explodes in cost because they have backloaded provision after provision after provision. The result is that the cost absolutely explodes right at the time the baby boomers start to retire. They are digging a deep hole for the United States.

The New York Times labeled it ''The $4 Trillion Tax Cut.'' They said:

> The tax cut's $1.35 trillion price tag is a deception. The figure was calculated with an array of artificial devices that disguise the true cost. Some of the tax cuts to be enacted abruptly expire before the 11-year period is up. . . .

This was written before the last gimmick was inserted, the gimmick of just taking an entire year out.

Remember that Republicans, a couple years ago, tried to put 13 months into a 12-month year as a gimmick to disguise the effect of their budget proposals. This time they have taken an entire year off the calendar.

The New York Times goes on to say:

> Other provisions are phased in slowly, with most of them not fully enacted until 2009, 2010 and 2011. This means that although the tax cut technically costs $1.35 trillion in the first decade, its cost in the second decade—when the baby boomers will all be retired—is more than $4 trillion. The tax cut cannot be paid for except by raiding the Social Security and Medicare trust funds. It is a scheme that seems deliberately aimed at wrecking the basic American retirement programs, perhaps to force their dismantling or privatization.

I think the New York Times and the Washington Post have it right. We are in a period of surplus now. But we all know that in the next decade we move to massive deficits. That is when this tax cut, because of the way it has been designed, absolutely explodes: from $1.35 trillion, it balloons to $4 trillion in cost over the second 10 years.

When one examines the real budget—the defense expenditures the President is asking for, the alternative minimum tax that must be fixed, the education expenditures the Senate is in the midst of approving now—as we consider the education bill, the emergencies, and just the average emergencies we have experienced over the last 10 years, fast forward them to the next 10 years: We are not only going to be raiding Medicare, we are going to be raiding the Social Security trust fund as well.

We estimate that this bill, when combined with the real budget reflecting what will actually be spent over the next 10 years, will be raiding the Medicare trust fund by $311 billion and raiding the Social Security trust fund by $234 billion. Make no mistake, this vote has real consequences.

It is not just that it is fiscally irresponsible. In fact, this bill is a monument to fiscal irresponsibility. But in addition to that, this bill is not fair. The top 1 percent get more than twice as much of the benefit as the bottom 60 percent. In fact, the bill has been made much worse in terms of its fairness when you compare what left the Senate to what has come back in the conference committee. The top 1 percent get nearly 38 percent of the benefits. The bottom 60 percent get less than 15 percent of the benefits.

This bill cannot pass any fairness test, or any fiscal responsibility test. It does not pass the fundamental test we ought to apply to any tax bill. This final tax bill is clearly unfair. The top 20 percent get 71 percent of the benefits. The bottom 20 percent get 1 percent. Seventy-one percent of the benefits to the top 20 percent; 1 percent to the bottom 20 percent.

We heard our colleagues say that this bill is much more fair than the Bush proposal. Well, it is a little bit more fair but not much more fair. Seventy-one percent of the benefits in this bill go to the top 20 percent. In the President's proposal, 72 percent of the benefits went to the top 20 percent.

One of the things I think is most revealing about this proposal is what happens to the various tax brackets. It is fascinating what has come back from the conference committee. Those who are the wealthiest among us get by far the biggest rate reduction—by far. Those who are in the top 1 percent, who on average earn $1.1 million a year, they get a 4.6 percentage point reduction, which is, in overall percentage, about a 12-percent reduction in their marginal rate. They are getting 4.6 points of reduction in a 39.6-percent bracket. That is about a 12-percent reduction.

The other brackets get 3 percentage points. They roughly average between 8 and 11 percent of rate reduction. So those at the very top get the very most. And the final bracket, the 15-percent bracket, where 70 percent of the American taxpayers are, gets no rate reduction—none, zero. You talk about a bill that is weighted to the very top, the very wealthiest; this bill is a testimony for campaign finance reform.

Have we learned nothing from the past? We tried this same approach in the 1980s, and it skyrocketed the deficits and the debt, and it took us 15 years to end it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CONRAD. Mr. President, I ask unanimous consent for 30 additional seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, some have said: But we are paying down the debt. Make no mistake, we are paying down the publicly held debt, but the gross debt is going up, because the debt to the trust funds is skyrocketing under this proposal.

Let me just end. This is a chart that shows what is happening to the gross Federal debt. It is $5.6 trillion today. At the end of this period, it is going to be $6.7 trillion. The debt is not going down, the debt is going up. This bill ought to be defeated.