

Floor Statement (unofficial transcript)
Senate Budget Committee Chairman Judd Gregg
June 28, 2006
11:15 am

MR. GREGG: I wanted to rise to speak today about a package of initiatives reported out of Budget Committee, the purpose of which is to put some order into our financial house and try to make the government of the United States an affordable event for its citizens, especially for younger people who will be working to support the next generation as it retires. This package has been grossly misrepresented by the other side of the aisle, especially by the leader on the other side of the aisle and by the assistant leader and by other members who have come to the floor.

They have taken out the bloody shirt of Social Security and waved it at this package in a totally irresponsible manner. I think it's appropriate to come to the floor and point out what the facts are versus what they believe the politics should be. The facts are rather startling regrettably. As we head into the retirement of the Baby Boom generation which is the largest generation in our history, the cost of supporting that generation which will have to be paid by our children and our children's children is astronomical.

There is now pending on the government \$65 trillion, that's with a T, trillion dollars of unfunded liability. What does that mean? That means we have programmatic obligations on the books of the government, obligations to retired people primary which will cost \$65 trillion more than what we know will come into the government under the present projections. In other words we don't have the money to pay for it, we don't know where the money is going to come from, but we have the obligations on the books.

To try to put a \$1 trillion in perspective or this number in perspective, since the beginning of the nation, since the beginning of our country, we have only collected \$40 trillion in taxes. We've collected \$40 trillion in taxes-- a lot of money. The total net worth of America and Americans if you take all our cars, houses, stocks and businesses is \$51 trillion. So we have on the books an obligation which exceeds our net worth as a nation.

We have to figure out how we're going to afford to pay for that especially how our children will pay for it since they'll pay the burden. To try to put this in perspective three programs, Social Security, Medicare and Medicaid will cost the American taxpayer more beginning in the year 2025 or as we head into the year 2025, will cost the American taxpayer more than what the total government costs the American taxpayer today as a percent of gross national product.

Traditionally, the government of United States has spent about 20% of the Gross National Product of America. These three programs alone as a result of the retirement of the Baby Boom generation which is the largest generation in the history of our country by a factor of two will cost the American taxpayer everything that we presently pay into the government by the year 2025.

So that means that at that point to pay for those three programs, you would be unable, if you were going to maintain the historical spending of the federal government, you would be unable to pay for national defense, for education, for environmental cleanup, for all the other things the federal government does. That's only the start because as that generation gets into fuller retirement those number of those programs, the costs of those programs, continues to go up. What does that mean in practical terms? It means our children and our children's children in order to support the retired generation would have to pay a dramatic increase in taxes under the present scheme. Basically, it would mean that our children would be unable to afford a better lifestyle. They probably couldn't send their kids to college, buy a house or purchase a car the way our generation has been able to do because they would be spending so much of their money to the federal government to support these basic programs which are called mandatory programs. It is not a tolerable proposal or path for our country.

We cannot say as one generation that we are going to put on the books obligations that make the next generation pay so much in taxes that they essentially would not be able to live the quality of life that we have, that we would undermine their quality of life. It's not fair to them. So what we did in the Budget Committee was try to address this not by policy changes, but by putting in place processes which will force us to face up to fiscal discipline, which will force us as public policy-makers, the Senate and the House and the Executive Branch, to look at these numbers, these facts which exist -- and they aren't going to change unless we do something, because the generation that's going to cost all this money is already alive.

It's my generation, the Baby-Boom generation. We're this huge generation. We're going to cost our children these types of dollars. It's not going to change unless we do something. It will force us as public policy-makers to face up to this reality, these proposals which came out of the Budget Committee.

And so the point here is several points, but the major point is this -- we've got a huge problem coming at us as a people, as a government, as citizens and as parents, and you can't tax your way out of it, because you cannot possibly raise taxes enough to pick up the costs of these programs and still give your-- give earning Americans an opportunity to live well.

And so what's the reaction from the other side of the aisle? The reaction from the other side of the aisle is that to immediately attack any proposal, even though this one has no policy attached to it. It simply has process which forces policy to occur, and no specific policy to occur. To attack any proposal as an attack on Social Security; how grossly irresponsible is that. How incredibly inappropriate is that. Does the other side of the aisle believe that our children should be faced with a burden which they cannot possibly afford? That seems to be the case.

They have walked off the playing field of responsible public policy, waving the bloody shirt of Social Security for the purposes of political gain. It is inexcusable action on their

part. What is the proposal we brought forward? This outrageous proposal which, according to the other side is outrageous. It is very simple and it is very responsible, and it is an attempt to get at the essence of the problem which we have today.

It has eight parts. The first part puts back in place an idea which the other side of the aisle offered two years ago, and yet now they claim it is horrific. The statutory caps, which essentially says on discretionary spending that when we put caps in place they will be enforceable. Today we put caps in place, they aren't enforceable. They get waved around here like buying peanuts. This goes back to the old Gramm-Rudman approach.

What does that mean? We set a number. We agree as a Congress, this is how much money we're going to spend and then say, my lord, you actually can't spend more than that unless you're going to cut somewhere else. Totally irresponsible according to the other side. We did it a few years ago. It worked. In fact, Chairman Greenspan said it was the most significant budget reform that has occurred around here in a long time. We're suggesting we put it back in place. It affects discretionary spending, which is every year spending, not mandatory spending.

The second idea -- I'll skip down so that we can go sort of in order here -- is to put in place a BRAC Commission. We know we had a BRAC Commission for defense spending, and it worked. We did it five times. This is a BRAC Commission for the whole government. Same idea, same philosophy. It says take a look at the programs and then have the Commission send the ideas to the Senate, and then the Senate has to vote for them or against them. It's a reasonable approach to trying to do something which we haven't been able to do on a one-by-one basis. It's a broader approach.

It also has in the package the President's proposal for a line-item veto, or expedited rescission. It's a better proposal than what the President actually sent up because it's more balanced relative to the Legislative Branch and the Executive Branch. In fact it's an idea that passed the Congress. In 1996 we voted for a much stronger line-item veto than this that gives the President the ability, when we send him these omnibus bills, huge bills that have billions of dollars of spending in them, rather than veto the whole bill and shut down the government, for example, he can now put together a package of specific programs in those bills that he doesn't think makes sense, send them up here and congress has to vote on them in an expedited process or against them.

Obviously he's going to have to send up a package which has majority support or else it isn't going to get passed. And we put in language that says to the extent there is a rescission as a result of this, that the deficit has to be, that the savings has to go to the deficit. A very strong idea, in my opinion. We also have biennial budgeting, an idea which has been around here which people think will be a more effective way to address budgeting since we are now essentially in a biennial budgeting any way because every year there is an election we haven't been able to pass a budget any way.

So it reflects the reality of the situation. And then there's reconciliation reform. But the essence of the package is the mandatory reform effort, the effort to try to address this

chart here, where Social Security, Medicare, and Medicaid are essentially going to bankrupt our children unless we do something intelligent about it. And this is where the other side of the aisle has been so grossly irresponsible.

First, in characterizing it because they have been factually inaccurate. And then abandoning the field of debating the issue and coming up with other processes if they think there are better ideas. The first approach is something which passed this Congress already, or this House, any way, the Senate, which basically says if Medicare for two years in a row is found to take 44% out of the general fund. Medicare is supposed to be an insurance program, not supported by the general fund primarily. If for two years in a row it is supported by general taxation by more than 45% of its costs, then a point of order is put in place which can be waived by 60 votes, so it can be waived, against any new entitlement spending.

It's a reasonable approach, it's actually not that strong an approach, but it's something that basically highlights the problem. Then we get to the more substantive policy-driving events. An Entitlement Commission is put in place. And this is where the other side has grossly misrepresented the facts and then taken out the bloody shirt and attacked the facts, which they grossly misrepresented. It is a great idea. First you make up what the position is, and then you attack that position, and then you take absolutely no responsible position on your own part, which is exactly what the other side has done.

Obstruction has become the only thing which the other side of the aisle appears to be able to do. Obstruction for the purposes of obstruction shall, for the purposes of obtaining power around here. When are they going to face up to the fact that we are supposed to be doing policy which addresses the needs of our children, especially and affordability of the government specifically?

What is the Entitlement Commission? It's a group of people who are put together. They are chosen by the leadership of both sides of the aisle. There will be eight Republicans theoretically and seven Democrats if it were to be put in place today. Eight and seven. That's not an overwhelming majority for our side of the aisle. And it takes ten members of the commission to put together a report to be able to be sent under expedited procedures. The other side of the aisle, the leader of the other side of the aisle says, oh, this is an outrage. It's a Republican steamroller. Tell me what's the steamroller? Eight-Seven representation?

It takes ten people to put out a report. And then the other side of the aisle goes so far as to say they can't consider taxes. Total misrepresentation. They can consider taxes under the Entitlement Commission. And then they go and they say, 51 votes are going to pass it. Total misrepresentation again.

The proposal takes 60 votes to pass it. In response to the issues raised by the Senator from North Dakota in the Mark-Up of this bill, this Entitlement Commission has become totally -- because I accepted the fact that maybe it wasn't structured the first time around. We responded to that concern. The other side of the aisle, not only doesn't give us credit

for responding to the concerns of the other side, of the Senator from North Dakota, because we changed it so it became a balanced commission. We changed it so it takes a supermajority to report from it. And then it takes a supermajority to pass it. They not only don't acknowledge the changes, they say we didn't make the changes and they attack the proposal. And they put forward absolutely no policy of that -- no policy of their own.

Mr. DURBIN: Would the Senator yield for a question?

Mr. GREGG: No, I won't yield. I think I've heard enough from the other side of the aisle which has been inaccurate and incorrect. The third item in this is the ability of a Congress to reduce the deficit by as a percentage of Gross National Product. We know that if we don't get the deficit down, our children are going to get all these debts. So what we put in place is a mechanism that says essentially the deficit as a percentage of Gross National Product shall be reduced as a percentage of Gross National Product every year until we get to a balanced budget.

Essentially a balanced budget by the year 2012. And if we don't hit those deficit targets - - and they're fairly reasonable because actually the next two years targets, we've already hit, or we will hit under the present projections so that this doesn't even kick in. It doesn't look like it's going to kick in because it looks like we're going to get to a balanced budget around here.

Should we not continue on that path, then what will happen is that there will be a reconciliation instruction, because we know all 68% of spending around here goes to the mandatory accounts. We will say to the mandatory account Committees, reconcile your accounts so they can be brought into line with these projections for a deficit to head to zero. And what does that mean? That basically means that there will be policy changes which will allow savings to occur.

And I presume those policy changes, to the extent they affect entitlement programs such as Social Security, Medicare and Medicaid, will tie into the Entitlement Commission report. Should those two mechanisms which force policy to be addressed not be accomplished, should they not be accomplished, then you go to a sequester on entitlement mandatory spending, something that has never happened around here and I don't suspect it will ever happen because one presumes responsible people would want to make policy changes to get to the targets rather than allow -- rather than allow it to happen automatically.

So where is the irresponsibility here? Well, there isn't. The irresponsibility is on the other side of the aisle, which has buried its head in the sand of obstructionism, because it wants to take power around here. And it feels that if it doesn't do anything, if nothing is done around here, then outrage will occur and people will vote them into power. I mean, how cynical is that approach to governance? How cynical.

I said I'm willing to adjust this. In fact, on the Commission, the Senator from North Dakota suggested that we change the make-up and make it all Members of Congress versus outside individuals. I'm amenable to that. If he wants to bring that amendment forward, fine. The Senator from North Dakota at the Mark-up said it doesn't consider tax increases. Well, actually the commission can consider tax increases. But I said let's take it to the floor. Let's take it to the floor and discuss the issue of pay-go or tax-go, as I would call it, which is their only proposal from the other side of the aisle. Raise taxes.

But, no, no. The response is this is going to savage Social Security. This is going to undermine Social Security. This is going to privatize Social Security, all the words that their pollsters have told them to use to try to get re-elected. I'll tell what is going to savage Social Security. It's going to be my generation retiring and demanding the benefits that they have been paying for all of our working life and having our children have to pay for those benefits, because our children are going to get up in arms and say we'd like to buy a house. We'd like to send our kids to college. we'd like to have the good life you had, and we can't afford it because you've put this huge tax burden on us, because you, during your term of offices, were unwilling to be responsible and address these issues.

Well, we've tried to be responsible. We've tried to bring forward a package which would – which should be debated and which should be effectively moved forward in order to try to reverse the direction which we're inevitably going towards, which means if we stay on this course, that we will eliminate the capacity of our children to afford the government. And so we brought forward this package, which we call Stop Over-Spending. It may not have all the elements it needs. It clearly needs some tweaking here and there.

I don't limit that but an attacked through the demagoguery of Social Security's bloody shirt being waved at it because that's not responsible. That's not governance. That's simply obstructionism for the sake of political gain. At this point I yield the floor.