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Senate Budget Committee Ranking Member Judd Gregg (R-NH)

Senate Floor Speech
on the Fiscal Year 2008 Budget Resolution

(Unofficial Transcript)
Friday, March 23, 2007

Mr. **Gregg**: Let me begin by returning the courtesies of the Chairman and doing it with sincerity. The Chairman and his staff have been gracious and fair with us, and obviously they are always professional, and it is a pleasure to work with him and his staff.

We do obviously have philosophical differences, but I think hopefully it's sort of a reflection of how this place should work right, which is that we do it professionally. We don't game each other. We don't yell at each other. Sometimes we yell at each other. But we basically air our views, make our points, go to our votes, and allow everybody to get their two cents in. And I think that's the way this place should work, and this place should work. And it works because the Chairman is courteous enough to accomplish that. So I thank him for that and thank his staff which has done a great job here, as has mine.

The budget which the Chairman has brought forward -- I do agree that the country needs a budget. That is critical. But regrettably, the budget that he has brought forward is not a good budget for this country. It is a budget that is inconsistent in many areas, but that has as its essence the fact that it spends a lot more money, grows the size of the government, increases taxes a great deal, increases the debt a great deal and, regrettably, does not address the most essential issue which we face today, which is the fiscal meltdown that this country's going to face when we put on our children the cost of the government as we head into the retirement of the baby-boom generation.

This chart reflects that. It's a little outdated because it was done earlier and we don't have a chart machine like the Chairman. But it essentially captures the concept that this budget has $700 billion of tax increases -- that's the one number that's wrong on here now because of the Baucus amendment being adopted. $700 billion of tax increases. That's the largest tax increase in the history of the country. That's $144 billion minimum in non-defense discretionary spending, $2 trillion of new debt, and it does nothing in the entitlement area. The inconsistencies in this budget are palpable.

In the tax area, for example, this budget, as I mentioned will be the largest tax increase in the history of the country and will take us down the road towards what is essentially a European tax system, where essentially we're going to be looking at a total tax burden on the American people that will head towards the nation of France’s tax burden. When this budget reaches its end, it will be about a 19% to 19.5% tax burden on the American people. Historically the American people's federal government tax burden has been about 18.2%. That's a huge increase. The Chairman holds up these charts that show that the lines are very close between the President's tax increases and his tax increases. But his tax increase, as he says now, recalculated, is about 2% higher than the present. 2% is real money when you're talking a base of $3 trillion. In fact, 2% represents approximately a quarter of a trillion, a little more than a quarter of a trillion-dollar in new taxes above what the president would have suggested. Those are huge tax increases which the American people are going to have to bear. And the concept which keeps being put out here that these aren't going to be tax increases, that they're going to be found somewhere behind a curtain somewhere is simply not defensible. It doesn't pass what I call the duck test. That is ducking the issue basically. But it doesn't pass the duck test which is if it looks like a duck, walks like a duck, talks like a duck, it must be a duck. When you put $200 billion to $700 billion of new taxes into a budget, you're talking about raising taxes dramatically. You're talking about increasing taxes on working Americans dramatically. And that's what this budget does.

In the Pay-Go area, this budget is also totally inconsistent. It says we're for Pay-Go. In fact, Pay-Go has become a solemn oath on the other side of the aisle. I read in the *New York Times* editorial a couple days ago that says Pay-Go is wonderful. I think somebody didn't tell the *New York Times* that the Democratic leader has exempted most of their favorite programs from Pay-Go. They've got Pay-Go for programs that maybe the Republican side of the aisle would support, such as not allowing taxes to increase. Yes, they apply Pay-Go to that. But when they have their programs which they think are important, they don't apply Pay-Go to it. In fact, they specifically exempt it. For example, the agriculture language in this bill is exempted from Pay-Go. It looks like SCHIP may be exempted from Pay-Go. The tax proposal for the Baucus tax proposal which came to the floor was exempted from Pay-Go. The AMT amount in this bill is exempted from Pay-Go. The simple fact is Pay-Go has become swiss-cheese-go, an effort to keep one side from doing what they philosophically agree with while the other side ignores it or basically overrules it for what they like to do.

The argument is that they haven't increased spending that much. Well, $144 billion in non-defense discretionary spending is a lot of money when you put it on top of the base. That's a big number. At least in New Hampshire it is a big number. I mean, $144 billion would run the state of New Hampshire for probably 20 years. And yet, they claim it's not a big number. And then there's no talk of the inconsistency in this, there is no talk about the fact that there are over 27 reserve funds representing a $200 billion cost in new programs should they be instituted. That's the growth of the government which I'm sure all of those won't be instituted, but the game plan's there to institute them. $200 billion of potential expansion in the size of the government.

They take the position that they've added other programs by using the 920 account. There was an interesting debate out here yesterday where the Chairman of the committee said to the Senator from Minnesota -- we can't use 920 to address the extension of renewable tax credits relative to wind energy and things like that because that would cut veterans and it would cut health care and would cut education. But he failed to mention to the Senator from Minnesota was there was already about $40 billion, $38 billion of 920 account in here. 920 is a euphemism for, well, we really don't know how we're going to pay for this, so we're going to use the 920 account. And that's allegedly a cut across the board. So there's another $40 billion of spending in this bill which probably in the end is going to occur and not get paid for. Huge expenditures, huge expansions in the size of the government, tremendous growth in the size of the government in this bill.

And then we have entitlement accounts. The Chairman of the committee continues to allege that he has $15 billion in entitlement savings in this bill. That is impossible statement to make unless you're only willing to look at one part of the bill, because in the other section of the bill they spend $50 billion in new entitlement programs. And so you can't claim you're saving money when you're expanding entitlement programs and not net the two out. It's totally inconsistent. This bill expands entitlement spending. It does not restrict entitlement growth. And ironically, it does it in a way that makes those programs probably not subject to Pay-Go when they are expanded. This is the biggest failure of this bill. The spending's pretty bad and the taxes have improved a little. But basically this is the biggest failure of this bill. The failure to address what the Chairman has talked about -- and I agree with his discussions, I agree with his hearings, has talked about is the most severe problem we face as a nation -- which is the fact that when the baby-boom generation retires this government becomes unaffordable for our children. The cost of three major entitlement programs -- Social Security, Medicare and Medicaid -- will actually exceed -- exceed -- the total federal government cost as a percentage of Gross National Product by 2025 and we'll have nothing available to do anything else, where alternatively we'll have to tax our children into oblivion so they can't enjoy a quality lifestyle. Yet, this bill does nothing on that.

We offer a reasonable amendment, reasonable amendments on this. We suggested that people earning more than $80,000 as individuals and $160,000 jointly should not be subsidized in their drug benefit by people working in restaurants across this country or working at gas stations or working on assembly lines. And it was rejected by the other side of the aisle. We suggested that hospitals and provider groups who are getting an inflated, an inflated payment under the COLA by about 1.2% should have that inflation, inflated COLA payment reduced by about half. They'll still be getting an extra half a percent, .6% in benefit, and that was rejected. If either of those had been accepted, we would have moved towards some semblance of getting under control this out-year instability in our Medicare fund. Those two amendments would have done more to make Medicare solvent than anything else we could do around here. And thus, make it available to seniors when they retire and make it not -- and have our children be able to afford it. But that was rejected. No action at all in that area.

The tax issue, I'd have to come back to that because it's just, you know, the idea that there isn't a tax increase in this bill is so patently absurd on its face that the first amendment out of the box offered by the Democratic leadership was to extend the tax cuts for certain tax cuts that they felt they didn't want to have go up. And the reverse of that of course is that they're willing to let the other tax cuts go up. I mean, that's obvious. I mean, that's just -- that's just A follows B or one and one makes two. So there's no question that they are taxes.

The idea that there's a comparison between the President's numbers and their numbers in tax increase is again total inconsistency. They use OMB to score the President's. They use CBO to score theirs. If you score apples to apples and oranges to oranges, you see the difference is significant. This was calculated before the Baucus amendment was adjusted, so these would be adjusted down somewhat, but the differences are still significant. Somewhere in the range of $200 and $50 billion of difference if you compare apples to apples and oranges to oranges. When you peel everything away from this bill -- and I understand we're going to start voting here at 9:30 -- all these inconsistencies, the fact that they don't use Pay-Go programs they like but they do apply it to positions which the Republicans might take, the fact that the tax increase in here is the largest in history and yet they claim there is no tax increase, the fact that the spending goes up dramatically, and they claim that spending doesn't go up, the fact that there are no -- there's -- there is no savings in entitlements on a net basis and there is actually a significant aggravation of the cost of entitlements for our children in this bill as a result of new programs which they anticipate, this bill is going to do significant damage to our economy. And it is going to grow the government and make us larger.

It comes down to a very simple bill really. When you take everything away this bill is a classic Democratic tax-and-spend bill. That's all it is. Bigger taxes, bigger spending, bigger debt, larger government, and as a practical matter it's not going to be a constructive event for us as a nation. And so I hope that my colleagues, when we get to final passage, will vote against it. We're going to have a lot of votes here. But in the end, what's going to pass, if this bill passes, is your classic tax-and-spend bill.

Mr. President, I believe we're supposed to start voting at this time.

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