



BUDGET COMMITTEE

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For Immediate Release

June 23, 2010

Senator Gregg's Senate Floor Remarks on the Extender Bill and Debt
June 23, 2010
(unofficial transcript)

I want to speak about something that is equally threatening, although not as obvious in many ways, to our nation. And that is our debt and the continued spending by this Congress in a way that ignores the fact that we are on the path of passing on to our children a nation which they will not be able to afford as a result of the massive debt which is being put on their backs.

We heard today from a number of Senators from the other side of the aisle about how we have to pass this "extender" bill. There is some irony in this, in that they're claiming that it is necessary in order to address what are significant stresses on Americans who find themselves confronted with this economic slowdown. What they don't address, of course, is the fact that in passing this bill in the way they structured it, they're going to put even greater stress on the next generation of Americans by creating even more debt for them to pay off.

There are some legitimate ideas and programs in this extender bill, but they should be paid for. They should all be paid for. They shouldn't simply be put on the credit card and passed to the next generation. These are issues which address costs of today. Unemployment insurance and the tax extenders— these are issues which affect today's spending and they should be paid for with today's dollars. We shouldn't just borrow from the next generation in order to pay for the problems and the issues which this bill tries to address.

Yet that's the proposal which comes to us. Three times now they brought these extender programs forward. First it failed on a point of order raised by myself on the issue of the budget and fiscal responsibility. Then they brought forward another bill -- again, it failed, and now we're going to get a third proposal today, and I suspect it will be a deficit proposal where we add to the debt and pass the bill on to our kids to do something politically attractive. But this is just a small tip of the iceberg for what's been happening around here.

Since we passed Pay-Go legislation, and we heard all these grandiose statements by the President and the Democratic leadership of the Senate and the House that they were going to use Pay-Go to discipline spending around here so we wouldn't pass these bills on to our kids, since we passed that bill, now almost four months ago, we have spent, or put in the pipeline to spend, nearly \$200 billion. Two-hundred billion dollars of new spending that violates the Pay-Go rules that add to the debt of this country.

But, again, this is only a small tip of the iceberg. When we look at what's happening to the federal debt, this is the line where federal debt is going up as a percentage of Gross Domestic Product (GDP). Historically, our federal debt has been 35% of GDP. Since the Democrats took over

Congress and took control of fiscal policy in this country, that debt has gone right through the ceiling and there's no stop to it. It's going up and up and up. (See attached chart #1)

To the point now where the total debt as a percent of GDP has passed the tipping point. What's the tipping point? Well, that's what Greece found. That's what Iceland found. That is, regrettably, what Spain may be finding. It's when you get so much debt on the books that people stop believing you can really pay it back in an effective and efficient way. The people who lend us this money -- regrettably, it's other countries now, such as Saudi Arabia, Chinese, the Russians -- they start asking themselves, "Can they really pay that debt back? And if they can't, shouldn't I charge a lot more to lend them money because I'm not too sure they can pay that debt back?"

That tipping point is 60% of GDP. When your debt exceeds 60% of GDP, it's generally accepted in the world community that you've passed the tipping point. When it gets up to around 90% of GDP, we still have the same problem. So we passed 60% this year. Why do we do that? Because we're spending a lot of money we don't have -- on the extender programs and the other \$200 billion that's come to this floor since we've done Pay-Go, on the stimulus package, on the health care bill. The health care bill expanded the size of this government by \$2.5 trillion dollars. All of that is an expense which grows the government at a rate we can't afford, under the President's own budget as he sent it up here.

And where is the budget, by the way? Did I miss something? Isn't the Congress of the United States supposed to do a budget? Isn't that what we're supposed to do as steward of the taxpayers' dollar? Where is the budget? Is it under the desk here? Nobody can find it. Why is that? Because the other side of the aisle doesn't want to show the American people what the deficits are, and how much spending they're planning to do that they don't plan to pay for, not only in this year, but for the next 10 years.

The President at least had the integrity -- I guess under law he had to do it -- to send up a budget. And his own budget projects a \$1.4 trillion deficit this year. \$1.4 trillion. That's four times larger, or three and a half times larger than the biggest budget deficit under the Bush Administration. It's the largest budget deficit in our history. \$1.4 trillion. But that's not the end of it. For the next 10 years, the President's budget projects a trillion dollar deficit, on average, every year for the next 10 years. And the practical effect of the President's own budget is that the publicly held debt of this country doubles in five years and triples in 10 years. These are staggering numbers. These are numbers that lead to bankruptcy of our nation from a standpoint of fiscal policy.

You don't have to look too far to see what these types of numbers mean. Just look at what's happening in Greece and other countries that have grossly overextended their debt. Doubling the debt in five years, tripling it in 10 years -- the numbers are so big, it's hard to put them in context. (See attached chart #2.) To try to put them in some sort of context, if you take all the debt rung up by presidents since the beginning of our country, starting with George Washington through George W. Bush, that's \$5.8 trillion. (See attached chart #3.) That's all the debt of all the presidents who came before President Obama and this Democratic Congress. Under the budget sent up by the President, the debt that will be added will be three times that. Almost three times that. The amount rung up over these 232 years, in 10 years we will be adding more debt than occurred in the first 232 years by a factor of almost 2 1/2 -- over 2 1/2. It's incredible.

And, yet, nobody around here says anything or does anything about it on the other side of the aisle. What we hear from the other side of the aisle is, "Let's bring out another bill. Let's game the Pay-Go rules one more time as the extender bill does, or tries to do, and let's spend more money

that we don't have and add it to the deficit or debt." Bill after bill after bill after bill is brought to this floor that spends money we don't have and adds it to the debt.

What does it mean in real terms? A child born at the beginning of President Obama's Administration and this Democratic Congress, this liberal Congress -- it shouldn't even be called Democratic Congress because it's so liberal -- had an \$85,000 debt on their back when they were born. \$85,000 - think of that. However, as of today they now have \$114,000 of debt on their back. (See attached chart #4.)

This is not theoretical. This debt is owed. It's owed to China. It's owed to Russia. It's owed to Saudi Arabia. This debt has to be paid back to these people, by our children. And just in the last year and a half it's gone up by almost \$30,000. By the end of this Presidency, should the President be re-elected, or even a little bit past that, by the end of the budget as projected by the President, that debt on these children will be \$196,000. That's what they'll have to pay. How are they supposed to buy a home? Buy a car? Send their kids to college if they have to pay off this debt, which they'll have to do through the tax burden? It's inexcusable what we're doing here.

Then you have to couple it with the larger picture. Is anything being done to improve this situation in the President's own numbers? Historically taxes have been 18% of GDP, so you'll hear a lot of people on the other side of the aisle say, "We need to raise taxes more, we need to raise taxes more, we need to raise taxes more." Under the President's own budget, they're projecting that taxes will go up dramatically, to nearly 20% of GDP. The spending has historically been 20% of GDP. If we went back to historic spending levels, we wouldn't have a deficit at all.

We'd be in pretty good shape if it wasn't for the President's spending programs. (See attached chart #5.) Note here how this line goes up sharply during the recession, and is estimated to come back down because of the stimulus being taken out of the spending stream, a very badly flawed decision, by the way, to pass the stimulus in the form it was passed. But then it goes straight back up. If we were extending this line, it would be way up here. What's that caused by? That's caused by the health care bill. \$2.5 trillion of new spending and by the aging of the population. There's no attempt to take this line and bring it down where it should be going so that we close that figure. No, this area in here is a structural deficit that is not structural. It's created deficit. That has been grossly aggravated by the policies of this Administration and is being aggravated every day by the policy of this Congress as we've seen more and more bills brought forward which are unpaid for and end up adding to this red line going up.

It is not a tax issue. It is not a revenue issue. The President's own budget shows that it is not a revenue issue. Revenues, they project, will be very robust and well above the historic highs fairly soon. Why would they do this? Why would people be doing this to our nation, running us into bankruptcy like this, putting this burden on the next generation that is so extraordinary?

Well, I think there's a philosophy here. The philosophy is pretty simple. This Administration is very committed to moving the American model. They want to take us down the road of a European-style social welfare state democracy where you essentially have cradle-to-grave coverage of all sorts of social concerns and you have a dramatically expanding public sector. The President is very honest about this. He said the way to create prosperity is to grow the government. Boy, I don't think anybody would believe he would grow it this much. He was honest about it, at least.

But the implication of it is that, because of the fact that we don't have the capacity to pay for this government, we're driving ourselves right into a ditch as a nation. We're putting ourselves into a totally unstable situation which will inevitably lead to some sort of fiscal crisis which will be cataclysmic for our country and will lead to a lower standard of living. I mean, that's what this inevitably leads to, a lower standard of living, not a higher standard of living for the next generation. The European model is not a good model for us to pursue. It simply isn't.

Look at what's happening in Europe: anemic growth, lack of creativity in the area of economic growth, very little productivity, and basically countries wallowing in a debt structure which they can't get out from under because they're not willing to make the tough decisions. Are we going to pick that path also? It appears that way. Under this Administration and this Congress it appears to be the choice. But it's the wrong choice. There are ways to address this.

To begin with, we can stop spending. Very simple. Stop spending money that we don't have, and stop bringing bills to the floor that have deficits attached to them. We need to recognize entitlement programs and recognize that they're not affordable. We need to address our tax laws, which are not structured in order to create an incentive for productivity in capital formation, but instead are replete with special benefits to special interest groups. We can reduce the rates on all Americans, and especially, we can reduce the rate on the productive side of the ledger on our corporate rates, which is now the second highest in the world and still generate significantly more revenues, if we attach reform, which is what Senator Wyden and I have proposed.

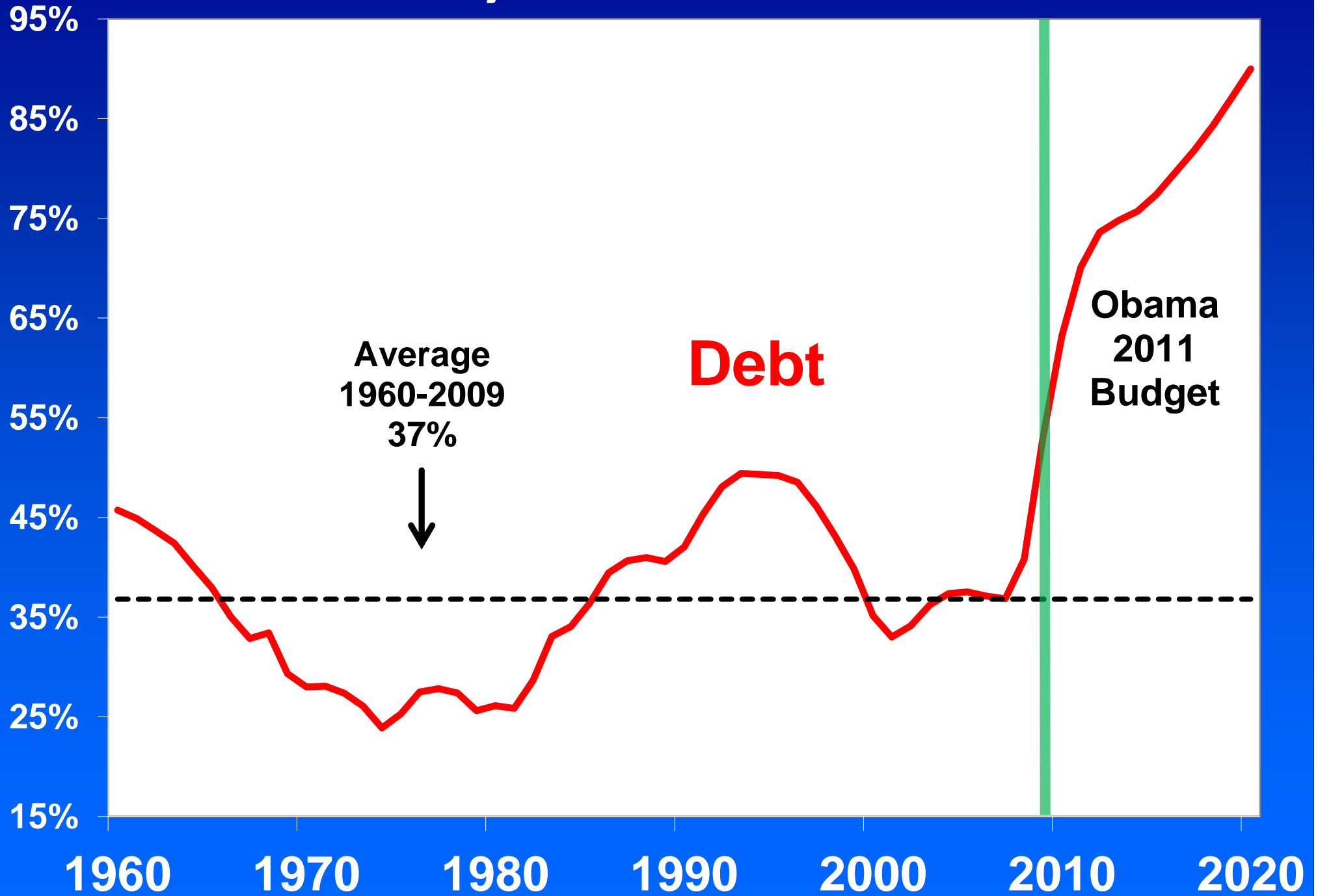
We need to change our energy policy. We have to stop shipping all this money overseas and buying energy. We need American production of energy. We need more nuclear, we need more gas, natural gas, more conservation, and better cars, hybrids, and electrics. And, sure, we need renewables, but the renewables are not going to solve the problem. It is the production and conservation of American energy that is needed to solve the problem primarily.

And, most importantly, we need to abandon this idea that we should follow the European-model because it stifles productivity, entrepreneurship, risk-taking. We need a model that says to the American people, "Be creative." That has been at the core of what has made us strong as a nation. It has always been one of our unique advantages over the rest of the world. We have always been filled with Americans willing to take a risk, willing to make an investment, willing to go out and push the envelope. As a result, they have created jobs in the most prosperous nation in the history of the world.

But that's all at risk now because we decided to depart on this path of massive deficit and debt in order to re-create the European form of government, a social welfare state which is first not sustainable and secondly is not a model for prosperity. So it's time to change, and let's begin the change right here, right now by rejecting any extender bill that comes to this floor that is not fully paid for.

Thank you, Mr. President, and I yield the floor.

Debt Held by the Public as a % of GDP

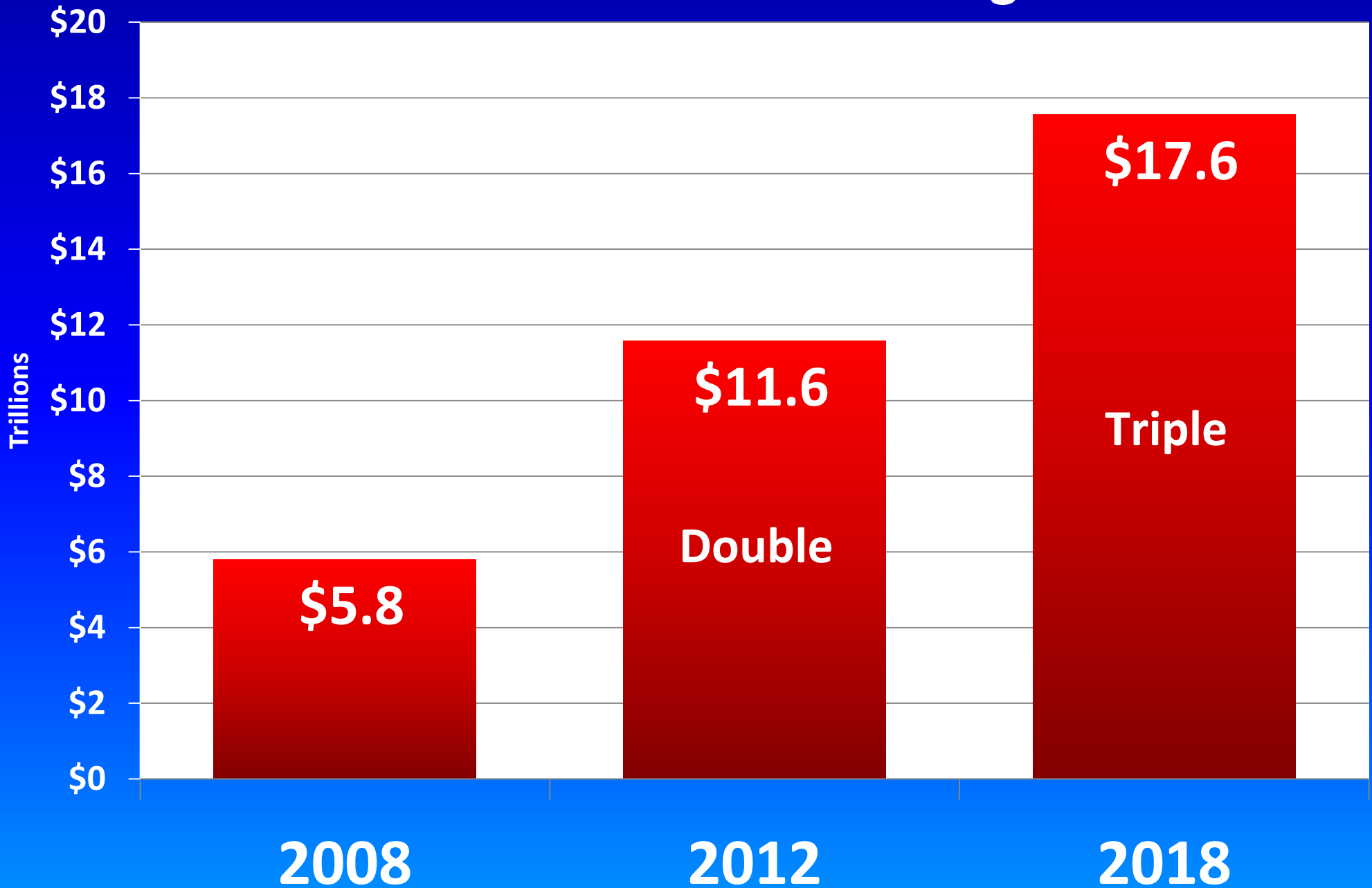


Average
1960-2009
37%

Debt

Obama
2011
Budget

Debt Held by the Public Scores a Triple Double Under President's 2011 Budget



President Obama Would More Than Triple the Federal Debt to \$20.3 Trillion

It Took 43 presidents 232 Years to Build Up \$5.8 Trillion in Publicly-Held Federal Debt



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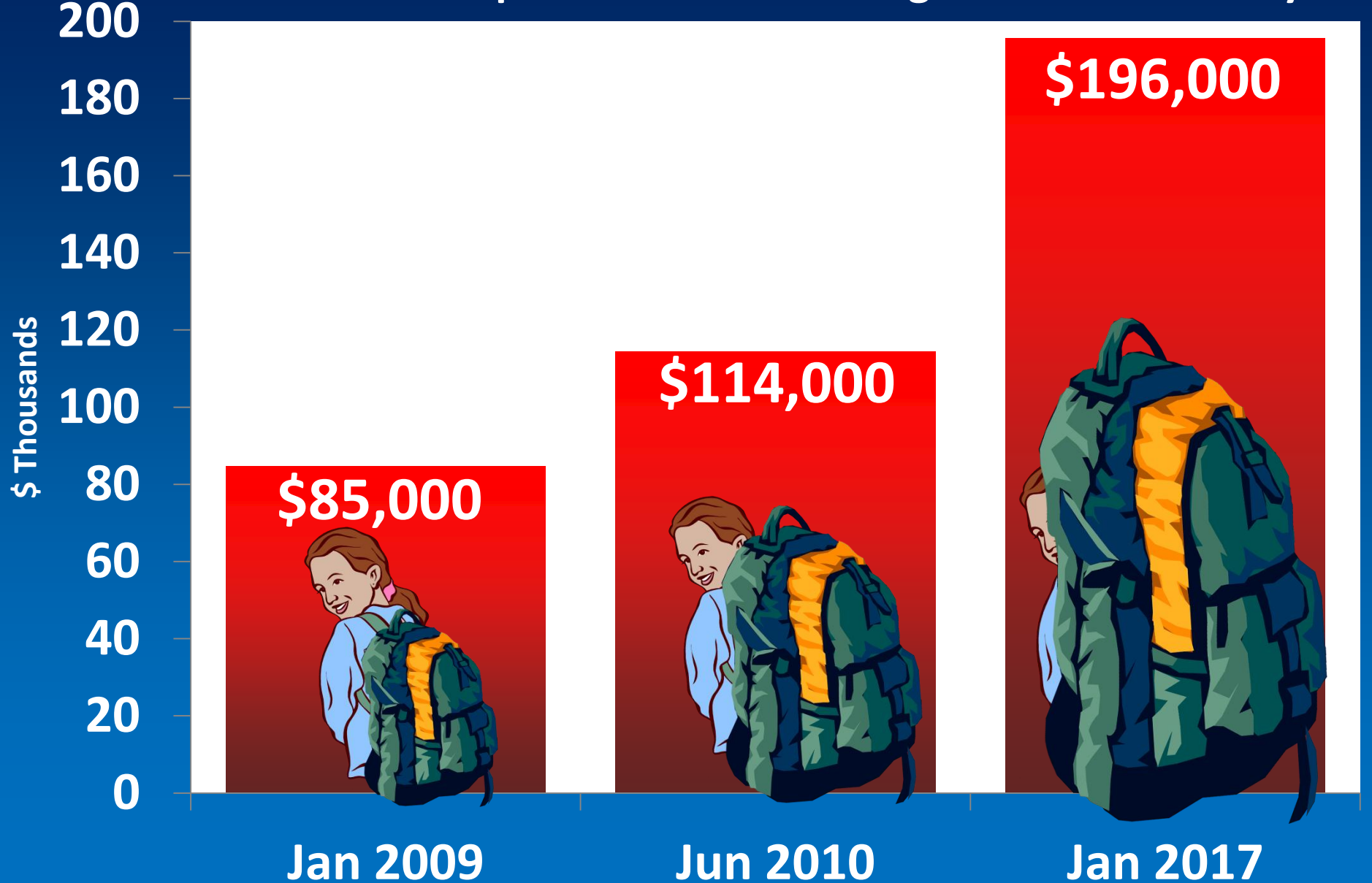


President Obama

(1776 – 2008)

REAL PEOPLE, REAL DEBT

Debt Burden Piles Up on Each Child During Obama Presidency



Source: SBC Republican Staff

Federal Taxes & Spending as % of GDP

