



Committee On Finance

Max Baucus, Ranking Member

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Prepared Statement of U.S. Senator Max Baucus (D-Mont.) The Hamilton Project

Mr. President, America has never lacked challenges. Nor has it lacked the determination and ingenuity to resolve them.

In our nation's very first hours, we faced stark realities. Revolutionary War debts put the Treasury \$79 million in the red. States could not retire their debt. Our young nation had no public credit. We also had no source of revenue — much less a means to collect it. And many Americans were as indebted as their government. The future held promise. But the present was bleak.

America's first Treasury Secretary, Alexander Hamilton, embraced these challenges. The day after his appointment — a Saturday — he put in motion a plan to get our economy on its feet. In his first weeks, he created a customs service to generate income, established a rudimentary coast guard for enforcement, and laid the foundation for fruitful trade relations with Britain.

These first weeks in office proved Hamilton a man of action. The years that followed showed him a man of vision. The Treasury Secretary authored the legendary Report on Public Credit, the blueprint for America's fiscal system. Not without controversy, his plan consolidated debt and issued new bonds. He raised taxes and set up a national central bank. The legacy of Hamilton's plan endures today.

Mr. President, Hamilton's action and vision launched our nation's early prosperity. But today, we again face mounting challenges.

Using accrual accounting, the 2005 Financial Report of the United States Government reported that the Government is running a net operating deficit of \$760 billion — more than six percent of our economy. Our foreign debt to GDP ratio has not been this high since Grover Cleveland was president in the late 19th century.

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We face the largest current account deficit in history — more than \$800 billion. A rising China and India are testing our innovative capacity and the robustness of our manufacturing sector.

We are also neglecting education and the young minds that will define our future successes. We have forgotten our research institutions that generate ideas and spur innovation. We are abandoning the basic infrastructure that buttresses our economic growth. We have let health care become a burden rather than an asset. We have emptied our saving accounts and neglected investment.

Like newly independent America, the United States today demands vision and action.

Mr. President, I have put forward a comprehensive competitiveness initiative to address these challenges. I have introduced trade competitiveness legislation to make sure our trading partners play by the rules and give our companies and workers a fair shot at success. I have introduced energy competitiveness legislation to promote innovation and research, and reduce our dependence on fossil fuels.

I have also proposed savings competitiveness legislation to close the fiscal gap and encourage Americans to save. Savings boosts investment and innovation. This week I will introduce legislation to boost innovation by revamping and making permanent the R&D tax credit. In the coming weeks, I will introduce ambitious legislation on education, health care, and international tax competitiveness.

But I do not pretend to have all of the answers. That is why today I would like to recognize another initiative that embraces these competitiveness challenges. It is an initiative that invokes the vision and action of Alexander Hamilton. This namesake initiative — the Hamilton Project — led by some of America's brightest minds, is clear in its vision and bold in the action it promises.

Based on principles — not politics — the Hamilton Project recognizes that broad-based economic growth in America is stronger and more sustainable than growth that accrues to a small segment of the population. The Hamilton Project recognizes that our nation can pursue economic security for American workers and economic growth simultaneously — and that both can be mutually reinforcing. The Hamilton Project recognizes that effective government plays a critical role in facilitating our nation's prosperity and enhancing economic growth.

These principles inform four pillars of action: education and work, innovation and infrastructure, savings and insurance, and effective government. Under each pillar, the project promises innovative ideas and a clear blueprint to realize them. Already, the project has proposed reducing the skills gap of underprivileged school children, and improving the effectiveness of our teachers. They have put forward clear proposals to boost savings in America, and simplify taxes for the majority of Americans.

Mr. President, in the coming months, the Hamilton Project will continue to roll out specific policy proposals in each pillar. The Project's work so far promises clear-eyed, detailed plans for our most pressing challenges. I look forward to evaluating each proposal. I recommend that my Colleagues take the time to do the same.

Once again, I applaud those at the Hamilton Project for their initiative. Our challenges may be daunting, but we must all welcome the challenge.

Upon accepting his nomination as Treasury Secretary centuries ago, Hamilton understood the hugeness of his task, saying: "I conceived myself to be under an obligation to lend my aid towards putting the machine in some regular motion." Let us follow his lead. And let us lend our aid, and keep this great machine in motion.

Mr. President, I ask unanimous consent to enter into the record the Executive Summary of the Hamilton Project's strategy paper.

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