



Opening Statement of Sen. Chuck Grassley
Nominations Hearing
Wednesday, November 4, 2009

Thank you, Mr. Chairman. I am also pleased to welcome the nominees to today's hearing. First, we have Michael Punke, nominated to be our trade Ambassador in Geneva. This is a critically important position. I'm concerned that our trading partners don't fully understand the prevailing sentiments on trade in the United States. For example, we're dealing with a stronger protectionist sentiment, I'm sorry to say. Protectionism only hurts our collective well-being, but it's a political reality that we must contend with. On the other hand, there's a bipartisan consensus that we need to see meaningful market access opportunities from our major trading partners if the Doha negotiations are going to be concluded successfully. And, we haven't seen that yet. We need a trade ambassador in Geneva to accurately and constructively convey these sentiments. I believe Mr. Punke is up to the job.

Next, we have Dr. Islam Siddiqui, nominated to be our Chief Agricultural Negotiator in the Office of the U.S. Trade Representative. He has enjoyed a lengthy career assuming a variety of responsibilities involving agriculture and agricultural trade. He seems to understand the vital role that technological advances can play in helping to feed a growing global population. We need a strong voice for U.S. agricultural interests at the negotiating table, and I believe the nominee can fill that role.

Finally, we have Michael Mundaca, nominated to be Assistant Secretary of the Treasury for Tax Policy. Right now is a critical time for tax policy. We still have the challenge of dealing with tax provisions that expire every year or two, called extenders. One of these is the ravenous monster that is the alternative minimum tax (AMT). The current short-term fix restraining the AMT expires at the end of this year. Additionally, many of the bi-partisan tax cuts enacted in 2001 and 2003 are set to expire at the end of 2010, including relief from the death tax. Under current law the estate tax will be repealed next year before springing back to pre-reform levels in 2011.

These issues are significant, but they represent only a fraction of the tax issues facing the nominee and Congress. The administration has many large-scale priorities and many of

them would be implemented and enforced through the tax code. For example, under legislation being advanced in both the House and the Senate, the Internal Revenue Service plays a major role in implementing and enforcing health care reform.

There are many new, complicated taxes to fund health reform and many new, complex credits. The IRS would also be tasked with penalizing individuals who don't buy insurance and employers who don't provide affordable insurance.

Aside from health care reform, a cap-and-trade scheme might also work through the tax code. The Congressional Budget Office has made clear that emission allowances hold value and therefore represent federal revenues, which would seem to have implications for the tax code. Independent of the specific policy questions inherent to health care reform and energy reform, we will be forced to consider larger questions as to the fundamental purpose of our internal revenue code and what limits, if any, ought to be enforced against it. Policies under consideration right now could significantly alter how we as a nation use the tax code and how the average American interacts with it. These are questions this Committee, with jurisdiction over federal revenues, and the Treasury Assistant Secretary for Tax Policy, will not be able to avoid.

In addition, the Assistant Secretary serves as the primary political liaison to U.S. Customs and Border Protection in the Department of Homeland Security when it comes to customs regulations. That is a critically important aspect of the portfolio. We've seen breakdowns in the relationships between Customs, Treasury, and the Office of the U.S. Trade Representative with respect to customs regulations. As a result, Senator Baucus and I included a provision addressing this issue in the customs reauthorization bill that we introduced. I just want to underscore for the nominee the importance I place on active management of interdepartmental relationships regarding customs issues. I am hopeful that the nominee will be able to serve as a down-to-earth architect of tax policy able to tell the difference between high-minded fantasy and practical reality. In his written testimony, the nominee recognizes the need for a simple tax system that promotes growth while collecting needed revenue. I'm glad the nominee agrees that our current system falls short, but I hope the next nominee to this position is able to say that the situation has improved. I was glad to read in the nominee's written testimony how his parents taught him the value of hard work, because this position is going to require a lot of very hard work. Now I look forward to hearing from our nominees.