



Statement of Senator Charles E. Grassley
Senate Finance Committee Hearing on the President's Budget for Fiscal Year 2011
OMB Director Peter Orszag
February 4, 2010

I would like to thank the Chairman for scheduling this hearing and the opportunity to review the President's budget for Fiscal Year 2011.

Today marks the third in a series of hearings. We've heard a lot of revisionist history this week.

The President and others in his Administration insist the massive deficits projected under their budget are not really their fault.

They want the American public to believe they inherited these deficits from President Bush and the Republicans in Congress.

They insist the 2001 and 2003 tax cuts and the 2003 Medicare prescription drug bill are primarily responsible for the deficits in their budget.

But this re-interpretation of history overlooks the actual events of the past.

When President Bush took office in 2001, federal revenues were at their highest level since World War II. There was broad agreement on the need for tax relief.

The 2001 tax cuts passed with bipartisan support. Most of the Democrats who opposed these tax cuts voted for their own alternative which reduced revenue by nearly the same amount.

The 2003 tax cuts passed with bipartisan support to help our economy recover from recession following the dot-com bust and the terrorist attacks of 9/11.

Again, most of the Democrats who opposed these tax cuts offered their own alternative which cost just as much. The only difference was they had more spending and fewer tax cuts.

Finally, let's look at the Medicare drug benefit. It also passed with bipartisan support. And, ironically, most of the Democrats who were opposed said we did not spend enough. They wanted a drug bill that cost even more.

But ultimately both Republicans and Democrats agreed it was time to modernize the Medicare program and cover prescription drugs.

Those who blame our deficits on Republican tax cuts and Medicare drug benefits ignore the fact that most Democrats supported tax cuts and spending increases that cost just as much, or even more.

If the Administration thinks these bipartisan policies are so bad, why are they proposing to extend 80 percent of the tax cuts, and 100 percent of the Medicare drug benefits?

The Administration can't have it both ways. They can't put these policies in their own budget and then blame the Republicans. It's like saying you oppose them while actually supporting them. This kind of double-talk won't wash with the American public.

Finally, let me say a word about health care. Everyone knows the combined effects of an aging population and the rising cost of health care threaten to bankrupt our government.

Unfortunately, no one has put forward a specific plan to solve this problem.

Instead, the Administration wants to raise taxes and cut Medicare to pay for a brand new health care entitlement program.

But if they use all of the tax hikes and Medicare cuts they can support to pay for more spending, how will they ever achieve a sustainable budget policy?

The Administration's call for a bipartisan commission rings hollow when they continue to insist on creating new entitlement programs. They can't even pay for the ones we already have.

The American people are understandably skeptical about more promises of future fiscal discipline from Washington.

In the past year, they've seen billions spent on a so-called stimulus plan while private-sector jobs continue to disappear.

They've seen billions spent on financial bailouts while hundreds of banks have failed and CEO's collected millions in bonuses.

America is ready for a change. Unfortunately, this budget promises more of the same – more taxes, more spending, more deficits, and more debt.

Finally, I would like to ask unanimous consent to place two letters I recently sent to the Director Orszag in the record along with his response to me. All of these letters relate to the expenditure of Recovery Act money.