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HATCH STATEMENT AT FINANCE HEARING WITH TREASURY SECRETARY GEITHNER EXAMINING THE PRESIDENT'S BUDGET

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Committee on Finance, delivered opening remarks at a committee hearing examining the President's budget proposal for FY 2012. Treasury Secretary Timothy Geithner testified before the Committee this morning.

A full copy of the remarks, as prepared for delivery, follows:

When thinking about our hearing today, a couple of humorous comments came to mind. The first comment comes from the famous poet, Ogden Nash. One of Mr. Nash's light verses was about the potential of omnipotent taxation.

Here's what he said: "The more you earn, the less you keep. And now I lay me down to sleep. I pray the Lord my soul to take, if the tax collector hasn't got it before I wake."

The second comment comes from a constituent of my friend from Wyoming, Senator Enzi. Mr. Bruce L. Hargraves, USN Retired, of Worland, Wyoming wrote a letter to the Editor of the Northern Wyoming Daily News. His letter was entitled "Objection from a former sailor." I ask unanimous consent to enter Mr. Hargraves' letter in the record.

Here's what Mr. Hargraves wrote. "I object and take exception to everyone saying that Obama and Congress are spending money like a drunken sailor. As a former drunken sailor, I quit when I ran out of money."

Mr. Hargraves' letter and Mr. Nash's poem are very relevant to the topic of today's hearing. The official topic is the revenue proposals in President Obama's budget. But, there's a much bigger issue before us.

Mr. Hargraves' letter is instructive. Over the last couple of years, the President and Congress have been spending like drunken sailors. Spending as a percentage of our economy is

at levels that we haven't seen since World War II. Overall, it's up by 20% as a percentage of our economy. Non-defense discretionary spending, by itself, has ballooned in the last couple of years. It's up by 24%. If you count the stimulus spending, it's up by 84%.

The President's budget proposes a freeze on that 24% ramp-up. But that's kind of like telling a drunken sailor that it's prudent that he continue his spending spree. Mr. Hargraves is also correct that drunken sailors run out of money to spend. Not so here in Congress. Not so in the White House.

Mr. Chairman and Mr. Secretary, maybe we do owe those drunken sailors an apology. Unlike the drunken sailor's budget, the President's budget doesn't cut the government off from its spending spree.

What does the budget tell us? The trend line for spending means all government spending will take 10% more of the economy than the historical average.

From a fiscal discipline perspective, that number is surely viewed with skepticism. It will likely be much worse. We'll see what CBO says in a few weeks.

Viewed in a light most favorable to its proponents, this number must be disappointing. It basically concedes the point that we can't restrain the growth of government to some reasonable measure. And, in that concession, we've squandered an opportunity, Mr. Secretary. It's an opportunity because the will of the people is clear. They want us to come together to restrain spending. A budget that, at best, means all government growing by 10% as a percentage of the economy is not restraint.

Staggering levels of debt will be built up. By 2019, it will triple from where it was when the President took office. This huge debt will have to, at a minimum, be serviced. Recently, CBO, with conservative baseline assumptions, pegged debt service at as high as \$1 trillion per year in the out years.

If Ogden Nash were alive today, he'd be rightfully concerned. With the spending-driven fiscal holes, mounting debt, who among us doesn't believe there's a monstrous tax hike coming? Could it be so monstrous that Mr. Nash might be worried that his soul would eventually be the subject of confiscatory taxation?

Mr. Secretary, we see the steps to that monstrous tax hike in the budget before us. By our calculations, a tax hike of \$1.6 trillion is proposed. It comes in many forms. And it hits lots of different taxpayers.

If a taxpayer is an entrepreneur with a growing small business, he or she may be facing marginal rate hikes of 17%-24%.

Investors can look forward to a top capital gains rate hike of almost 60% in 2013. Some taxpayers may see their mortgage interest deductions, charitable deductions, and state and local tax deductions cutback. Families and businesses may see a doubling of the gas taxes they pay at the pump. Businesses may face general tax increases.

Mr. Secretary, again, thanks for appearing today. I look forward to a full, frank, but constructive discussion of the revenue proposals in the President's budget.

Thank you, Mr. Chairman.

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