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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING APPROACHES TO DEFICIT REDUCTION

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, released his opening statement from a committee hearing today examining the current federal fiscal crisis and approaches to deficit reduction. Today's hearing is the first in a series by the Finance Committee this Congress examining deficit reduction and the soaring national debt.

A full copy of Hatch's remarks, as prepared for delivery, follows:

As I prepared for this hearing, I thought of those two Chicago-savvy musicians, Joliet Jake and Elwood Blues. They were known as the "Blues Brothers." I have a chart depicting Jake and Elwood.

Jake and Elwood would often challenge folks to state their blues. If they asked us here today to state our blues, I think every member of this panel would say we've got those big deficit and debt blues. We'd also say that those blues won't leave us anytime soon.

In recent months President Obama has frequently discussed our nation's disturbing fiscal situation. He is right to do so. I'm sure the President would say he has big deficit and debt blues. Who wouldn't have the blues?

Our yearly deficits and accumulated debt hover like thunderclouds over the futures of our children and grandchildren. Though he is late to the table on this issue, President Obama has indicated, once again, that he seems to have finally recognized the frustration and anger of the American people over our Federal fiscal policy.

The President's fiscal commission came out with a long-term deficit reduction plan, but the President made no commitment. It was a swing and a miss. Strike one. Then we all waited for the President's budget to show some a path to long-term deficit reduction and entitlement reform, but no commitment. It was a swing and a miss. Strike two.

Then, the White House lit up the Sunday show circuit with an expectation that the President will come to the plate and take another swing at a plan.

Jake and Elwood captured the importance of bottom-line substance with the “sandwich” joke. A sandwich, by their definition consisted of two slices of bread with no meat. The consumer of a sandwich was supposed to wish he or she had meat between the slices of bread.

As we anticipate the President’s third swing at the deficit reduction plate, we hope that it will not be a strike. Three strikes and you’re out. We hope he’ll be delivering a sandwich and not a sandwich. A sandwich is a joke and not a meal.

Some will say the only real deficit reduction game in town is one where we significantly raise taxes.

The non-partisan Congressional Budget Office (“CBO”) tells us that the current tax system will yield ever riding revenues.

I have a second chart that illustrates this point. If you look at this chart, you’ll see that individual income taxes grow as a share of gross domestic product (“GDP”). The red line is the current law baseline. You can see that it springs upward. Revenues grow dramatically under the President’s basic policy baseline. It’s the blue line. My friends on this side of the aisle probably won’t be surprised by that data. What may shock my friends on the Democratic side is that, current policy, with this year’s rates and the AMT patched, will yield a growing tax base as well. It’s the orange line.

That’s right. If current tax policy stays in place, the non-partisan CBO tells us the tax base individual income tax grows as a portion of the American economy. A shrinking revenue base is not driving the out-of-control deficits of the future. How could it? It’s not shrinking. It’s growing.

For those who want to ignore the clear data showing that the individual income tax take grows, let’s take a look at some numbers that also grow significantly. In this case, I’m talking about federal spending. Working from the bottom up, you can see that revenues come back. It’s the blue line in this chart. The red line shows the President’s budget’s spending line. As you can see, it stays very high. As a share of GDP, it’s over 15% over the historic average. Spending is historically high and keeps growing. That’s not restraint. It’s not discipline. It’s beside me how, when looking at this data, folks on the other side can argue that out-of-control spending is not the problem.

That, Mr. Chairman, is why we are here. We need to look at the origins and continuous causes of the unsustainable deficits and debt. This great old committee, the Senate Finance Committee, is where over half of spending originates. It’s where almost all revenue policy rests.

It is only proper that this committee air these issues out. It is, however, all for naught if the President misses this opportunity and does not make a bold commitment to entitlement reform and deficit reduction.

Hopefully, it won't be a third strike where we're left with the status quo. Hopefully, the President will not deliver a sandwich. We've got to hunker down, do the work, and rid ourselves of these spending-driven deficit and debt blues.

I look forward to the witnesses' testimony.

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