



FOR IMMEDIATE RELEASE
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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Key Deficit Reduction Issues
As prepared for delivery

President Lyndon Baines Johnson once said, "Yesterday is not ours to recover, but tomorrow is ours to win or lose."

Yesterday's fiscal choices created the budget crisis we face today. To pay for yesterday's spending decisions, we now are forced to raise the federal debt limit.

Raising the debt limit does not mean an increase in future spending. It only permits the Treasury to pay the debts we have already incurred. If we don't act, the full faith and credit of the United States will be compromised. If we don't act, we will default on our obligations in just one week. This would result in catastrophic consequences for our economy and cause interest rates to skyrocket.

Americans wouldn't be able to access credit to buy a home, a car, or take out a loan to attend college. Businesses wouldn't be able to meet payroll, much less expand. The economy would contract and people would lose jobs. It could lead to another recession or depression. We cannot let this happen.

But to enact legislation to raise the debt ceiling, we will need to pass a significant deficit reduction package. The deficit reduction decisions we make today will determine our economic future. We need to solve this crisis today in a way that improves our economy tomorrow.

Any deficit reduction package must be fair, it must be balanced, and no one should be left destitute.

That's particularly important when it comes to Social Security. Social Security is not the cause of our deficit problem. It therefore should not be a scapegoat for the solution.

One proposal that has been part of the discussion is the Ryan plan that was approved by the House of Representatives. This plan is simply unbalanced, and it would hurt too many families in Montana and across the country.

And by cutting \$48 billion from programs that serve our country's farmers and ranchers, the House budget would hit rural America far too hard. While the House budget cuts agriculture by more than 20 percent, it fails to address the escalation in defense spending. Defense spending has roughly doubled in the last decade.

The solution to our budget crisis must be equitable and lasting. To create a fair package, we have to find savings in security and non-security discretionary spending, mandatory spending, and also revenues.

We have to make tough choices, but we can't balance the budget on the backs of seniors and the middle class while preserving tax breaks for the wealthiest Americans and special interest loopholes.

Now is not the time for a "my-way-or-the-highway" approach. We must all be willing to find common ground. Deficit reduction is just too important.

If Congress does not act, the debt held by the public as a percent of GDP will reach a remarkable 87 percent at the end of the next decade and will continue growing.

If, however, we enact \$2.5 trillion of deficit reduction now, we would stabilize our debt at 75 percent of GDP. This would leave us close to our current level of debt at 69 percent of GDP. And if we want to make further progress we would need even more spending cuts or revenue increases. Finding those dollars will not be easy. Deficit reduction never is. But we have to act before August 2 and we need to reach an agreement as soon as possible.

Over the last three months, this Committee has held four hearings to examine major issues Congress is considering as part of a deficit reduction package. One idea our hearings explored is enacting an initial package of deficit reduction now, with a path to further deficit reduction in the future. If legislation with further deficit reduction is not enacted in the future, then severe consequences would occur. This would provide strong incentives for both the House and Senate to follow through with deficit reduction legislation.

Today, we are fortunate to have an expert panel to discuss the array of proposed deficit reduction plans. There is already substantial agreement on both sides of the aisle regarding areas where we can achieve deficit reduction.

It is time to build on this agreement. Democrats and Republicans have to come together. We have to craft a fair and balanced package to reduce the deficit and raise the debt limit. And we have to act now.

So let us work together now to prevent our country from defaulting. Let us produce a fair and balanced approach to reducing the deficit. And let us ensure our economic progress continues and provides Americans with the opportunities they deserve.

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