



FOR IMMEDIATE RELEASE

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**Remarks of Senator Max Baucus
at the Fix the Debt Conference**
As prepared for delivery

Good morning and thank you for inviting me to the "Fix the Debt Conference."

I want to commend Erskine Bowles, Senator Alan Simpson and the entire Coalition for your laser-like focus on this issue. You are engaging the American people and drawing attention to the fiscal challenges that threaten our future.

I know many here today are proponents of the Simpson-Bowles plan. As you may know, I served with Senator Simpson and Mr. Bowles on the National Commission for Fiscal Responsibility and Reform.

While I agreed with many of the final report's proposals, there were several aspects that I could not support at the time. However, this report has helped advance the national dialogue and has taken on increasing importance, and it should absolutely be part of our debt reduction debate.

I'd like to start this morning telling you what I'm hearing at home from my Montana bosses. A couple weeks ago, I was at the Montana State-University of Montana Cat-Griz football game. It's a rivalry that dates back more than 100 years.

We call it the "Brawl of the Wild," and boy, that's what it is. Sometimes I think that's what we should call the United States Congress.

More than 26,000 fans crammed into Washington-Grizzly Stadium to watch the annual battle on the gridiron.

The fans would come up to me throughout the game to say, "hi, Max." We'd start talking about football, but would often turn to Washington, especially the fiscal crisis.

Not once did someone say, "don't do this," or "you can't do that." My Montana bosses told me again and again, "Just get it done, Max," and "You guys need to work together to get it done."

These folks didn't ask for stalemate or inflexibility. They didn't ask for our leaders to dig in over pledges or ideological purity.

The American people want Congress and the President to work together to tackle the great challenges facing our country.

Keeping with the football theme, I want to share the words of Vince Lombardi. The famed Packers coach once said, "People who work together will win, whether it be against complex football defenses, or the problems of modern society."

This is a simple lesson – one we all learn as children. It's what we need to do now.

The stakes could not be higher. More than \$7 trillion of tax cuts, Medicare payments and programs for the unemployed will expire just 27 days from today.

Adding to these spending cuts and tax increases are sequestration cuts of almost 10 percent to both defense and non-defense programs and cuts of two percent to Medicare. It would be hard to find a single American not affected by these changes.

You all know how serious this is. And you believe – like me – that we can act to prevent this fiscal crisis. But the answer is not just to extend all of these tax cuts and delay all of these spending cuts indefinitely.

This is an opportunity to commit to a balanced plan to bring our national debt back down to sustainable levels.

The United States is at a critical juncture. We can come together and show the world that we are still responsible actors. We can prove America is still the leader of the global economy.

Or we can let obstruction and stagnation turn this country we all love so much into a second-rate super power.

I spent a few days meeting with European leaders this fall, including the President of the European Union. I saw firsthand the austerity crises plaguing countries that failed to get their debt under control. These countries are looking for us to lead, and we need to.

Europe shows us the danger of uncertainty. Uncertainty leaves businesses sitting on the sidelines. It drags down investment in the economy and in human capital.

We can't leave people wondering what's coming down the pike every few months. Confidence matters in our economy. Once we resolve the fiscal cliff, we need long-term deficit reduction so businesses can plan for the future.

To give families and businesses certainty, we must agree in the next few weeks on specific spending cuts and revenue increases that reduce the deficit to avoid the fiscal cliff.

We should not put off the hard decisions with gimmicks or triggers. That's what got us here in the first place. It's time to bite the bullet and make the tough decisions, and make them now.

The first thing we should do is immediately and permanently extend the middle-class tax cuts. This will provide needed certainty to America's families, businesses and the markets. This decisive action will ensure that millions of American families don't see a tax hike of more than \$2,000 starting next month.

Any year-end agreement must also include a long-term extension of the debt ceiling. America cannot afford another debilitating fiscal showdown. It has to be a package deal. And then we need to enact a long-term and comprehensive deficit solution.

Most serious plans recommend \$4 trillion in deficit reduction over ten years to restore fiscal balance. The Budget Control Act banked \$1 trillion. Bringing our troops home from Iraq and Afghanistan saves another \$800 billion. Those are real savings and should be counted. Interest savings provide another \$600 billion. And there is no reason we can't come together to find at least \$2 trillion in additional deficit reduction, getting us to more than \$4 trillion.

This plan will strengthen the economy and put us on a sustainable path forward. And it must ramp up over time, to avoid slowing down the economic recovery.

Forty percent of the long term growth of federal health programs is due to rising health care costs. Sixty percent is due to Americans aging. In fact, each and every day, 10,000 Americans turn 65.

As chairman of the Finance Committee, I can influence a lot of policies, but I can't keep folks from getting older. We need to focus on what we can influence, and that's overall health care costs.

Shifting costs to seniors is not the solution. We cannot break the promise of Medicare and Social Security.

I was proud to help craft the Affordable Care Act. We took major steps to slow the growth of health care spending and strengthen both Medicare and Medicaid, but there is still more we can do.

This morning's panel focused on reforming health care spending. This is a critical issue, and we need to focus on the facts.

If you turned on any television during the campaign season, you likely saw fiction: attack ad after attack ad claiming billions in cuts to Medicare, putting America's seniors at risk. Nothing could be further from the truth. There were zero cuts to Medicare beneficiaries in the Affordable Care Act. These ads are the exact types of misleading political attacks that prevent progress.

Both parties are certainly guilty, but no one will be able to come together on these tough decisions if, when we do, they're used as a red-hot iron to brand each other. There will be no winners if both sides continue these fights. We rise and fall as one nation.

Right now, crippling levels of debt are choking off economic vitality. They threaten the strength of our economy and our children's and grandchildren's prosperity.

The debt-to-GDP ratio is currently 73 percent – the highest it has been since World War II – and growing. But over the past few years, revenues as a share of GDP have shrunk to the lowest they have been since World War II. And as more baby boomers retire, we need revenues above historical averages to deal with the demographic reality.

We are simply not raising enough revenue. We need real, significant new revenue this month. Once that revenue is locked in, we can then turn to overhauling our tax code for the modern economy.

I'm committed to tax reform, and I could have no better partner in this mission than my good friend Dave Camp. I've been developing a plan that will help create jobs, spark innovation and expand opportunity.

We have a lot of work to do in a short amount of time, but I am optimistic. We can restore confidence in America. A balanced solution will provide America a fiscal course correction. And when we reach a meaningful deal — and I am confident we will — every credit rating agency will have restored America's AAA rating.

There are good people on the other side of the aisle — like my colleague Senator Hatch — who recognize the seriousness of the challenge we face. Working together, we can get this done. Working together, we can restore America's economic vitality.

Let me conclude where I began – taking you back to the Cat-Griz football game in Montana. At the end of the Brawl of the Wild, when the final whistle blew, players from the opposing teams gathered at midfield to shake hands. They had just beaten each other into the frozen ground for the past 60 minutes, yet at the end of the game they could come together.

And the thousands of fans who spent the weekend steeped in rivalry left the stadium not as a Bobcat or a Griz, but as Montanans. As Americans.

That is the spirit we need now. We need to come together to resolve this fiscal crisis. It's the only way forward. Now we need to get to work. Thank you and happy holidays.

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