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## HATCH STATEMENT AT FINANCE HEARING EXAMINING THE NATION'S 10 YEAR BUDGET & ECONOMIC OUTLOOK

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Committee on Finance, delivered the following opening statement at a committee hearing examining the nation's budget and economic outlook for fiscal years 2013 to 2023:

Thank you, Mr. Chairman, for holding today's hearing. I want to welcome all of our witnesses and thank them for their willingness to appear here today.

This is an important hearing and, given that we are currently in the midst of a national debate over our country's fiscal future, it couldn't be more timely.

Anyone who takes a careful look at our federal finances should be very nervous. We have had four consecutive years with deficits above \$1 trillion. By the end of this fiscal year, CBO projects that the debt held by the public will reach the largest percentage of GDP since 1950.

And, it only gets worse as time goes on.

After a temporary lull in the growth of debt in 2018, CBO projects that the debt will rise for the remainder of the 10-year budget projection window, measuring 77 percent of GDP by the end of 2023.

According to CBO:

*"Along such a path, federal debt held by the public will equal a greater percentage of GDP than in any year between 1951 and 2012 and will be far above the average of 39 percent over the 1973-2012 period. Moreover, it will be on an upward trend by the end of the decade. Debt that is high by historical standards and heading higher will have significant consequences for the budget and the economy..."*

Those negative consequences of our growing national debt will include: higher interest costs, lower national savings, more borrowing from abroad, less domestic investment, lower incomes, lesser abilities of policymakers to respond to unexpected challenges like natural disasters, and a greater likelihood of a fiscal crisis.

While some will try to argue that the coming debt crisis can be blamed on a lack of sufficient revenue, nothing could be further from the truth.

With the tax increases included as part of the fiscal cliff package that passed on New Year's Day, federal revenue as a share of our GDP is on a path to exceed the average of the last 40 years.

So, despite some adamant claims to the contrary, it's clear that our government has a spending problem, not a revenue problem.

Another common claim we've heard from the White House and from many here in Congress is that, over the last year and a half, we've already cut spending dramatically.

This is also untrue. By any measure, spending has increased significantly under this administration.

For starters, federal outlays in Fiscal Year 2012 were well above 2009 levels.

Now, some have argued that it's not fair hold the Obama Administration entirely accountable for all of the outlays incurred during 2009. So, for now, let's consider Fiscal Year 2010.

When you compare federal outlays in Fiscal Year 2012 with those of Fiscal Year 2010, you see an increase in spending of over \$82 billion.

At the same time, as the economy has sluggishly recovered, federal revenues have increased. In Fiscal Year 2012, they were up by more than \$286 billion compared to 2010.

So, between 2010 and 2012 the deficit went down by just over \$204 billion. And, literally no part of that reduction can be attributed spending cuts; it's all due to higher revenues.

Despite these facts, the President continues to resist any real spending restraint and calls for even more tax hikes, even though he just raised taxes less than two months ago. He also refuses to entertain serious, structural changes to our entitlement programs, even though everyone agrees that entitlement spending is the main driver of our debts and deficits.

As far as I'm concerned, any conversation about reducing our deficits that doesn't focus on shoring up and reforming our entitlement programs is a missed opportunity.

In the more immediate future, we face the indiscriminate spending reductions that are scheduled to begin on March 1 under the so-called sequester, which CBO says will reduce actual outlays in FY 2013 by around \$44 billion, or just over one percent of total federal spending.

The debate over the sequester appears to be headed down the same path that all of our recent fiscal debates have followed, with the President and his allies here in Congress insisting that, in lieu of actually cutting spending, we raise taxes on the so-called rich.

And, once again, none of the tax hike proposals we're hearing about were considered by this Committee. Instead, they have been drafted somewhere else behind closed doors.

Today, we will hear more about these and other fiscal challenges facing our nation. In addition to discussions about our long-term budgetary problems, I expect we'll hear recommendations about how to deal with short-term spending reductions scheduled under the sequester.

I assume that we'll also continue to hear grand claims of deficit reduction that measure progress using selective baselines and include only promises to reduce spending in the future. Once again, by any measure, spending has not been cut to date. We have promises for future cuts in spending, but nothing has been realized.

I hope today's hearing will, among many other things, help us get to the bottom of some of these claims and clarify for the American people how much Congress has actually done to reduce the deficit in recent years.

Mr. Chairman, thank you again for holding today's hearing, and I look forward to hearing from our witnesses on both of today's panels.

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