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## HATCH STATEMENT AT FINANCE HEARING EXAMINING THE DEBT LIMIT

*Treasury Secretary Jack Lew Testifies*

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, delivered the following opening statement at a committee hearing examining the nation’s debt limit with Treasury Secretary Jack Lew:

*Mr. Chairman, I want to thank you for holding today’s hearing on the debt limit. I also want to welcome Secretary Lew to this hearing today.*

*During debate over a debt limit increase in 2006, then-Senator Obama stated that: “The fact that we are here today to debate raising America’s debt limit is a sign of leadership failure.” Leadership, he said: “means that the buck stops here. Instead, Washington is shifting the burden of bad choices today onto the backs of our children and grandchildren. America has a debt problem and a failure of leadership. Americans deserve better.”*

*Secretary Lew, on the day then-Senator Obama spoke about our debt problem, our gross debt was \$8.3 trillion. It is now more than twice that, currently standing at \$16.7 trillion. That represents 107 percent of the size of our economy. And, as the Congressional Budget Office has made clear, this poses large economic and fiscal risks.*

*During that same 2006 debt limit debate, then-Senator Biden said: “My vote against the debt limit increase cannot change the fact that we have incurred this debt already, and will no doubt incur more. It is a statement that I refuse to be associated with the policies that brought us to this point.”*

*What a difference in attitude there has been since then.*

*Now President Obama and Vice President Biden preside over an administration that tells us that raising the debt limit, in your words Secretary Lew, “simply allows us to pay our bills.”*

*Secretary Lew, you have also publicly stated that only Congress has the power to lift the debt limit.*

*Now, while it is ostensibly true that Congress has the power to raise the debt limit, there will be no increase if the President does not agree.*

*At the same time, despite your public statements to the contrary, it is not true that raising the limit has only to do with spending Congress already approved. This line of argument is based on a premise that Congress makes spending decisions unilaterally, and that the Executive Branch plays no role in the process.*

*That premise is simply false.*

*No amount of spending can be enacted without the President signing it into law.*

*Furthermore, while President Obama's budgets have not been well received by even the Democrats in Congress, the President has, traditionally, been deeply involved in Congress's efforts to set spending priorities.*

*The administration also issues Statements of Administration Policy and veto threats on spending bills and other pieces of legislation.*

*Presidents work with Congress all the time to enact their domestic agendas. We all remember how President Obama unveiled and pushed his trillion dollar stimulus through a Democratic Congress that he then signed into law.*

*In addition, this President has made unilateral decisions – with no input from Congress – that have had an impact on federal spending. For example, there was the decision to delay the Employer Mandate under Obamacare, which CBO tells us will add an additional \$12 billion to our deficit.*

*Congress never voted on the delay. It was a unilateral choice made through rulemaking at the Treasury Department.*

*So, in short, the commonly repeated notion that questions surrounding spending and the debt limit are Congress's and Congress's alone to answer is, to put it mildly, a case of false advertising on the part of the Obama Administration.*

*There have been several other instances of false advertising from the administration concerning the debt limit.*

*One is the President's claim that non-budget items have never before been attached to the debt limit increase – a claim to which a fact checker at the Washington Post assigned the maximum four Pinocchios.*

*In fact, of the 53 debt limit increases passed since 1978 – under both Republican and Democratic Presidents – only 26 were "clean."*

*Another is that, in 2011, we entered some sort of brave new world in which, for the first time in recent history, people were commenting on an inability of Treasury to make timely payment on incoming due obligations.*

*If you would just go back to President Clinton's administration and read some press conferences held by then-Treasury Secretary Rubin, you will see that this claim is also false.*

*Mr. Chairman, I ask permission to enter a reprint of a press conference in 1995 with then Treasury Secretary Rubin and then White House Chief of Staff Panetta that supports this position, along with an associated article from the New York Times.*

*Now, Secretary Lew, I hope that, during today's hearing, we do not simply regress into comparative recollections of history. What is at stake is too big for that.*

*The issue we face is yet another debt limit increase.*

*There have been seven debt limit increases since the President came into office, collectively raising the limit from \$11.3 trillion to the current \$16.7 trillion, a cumulative increase of \$5.4 trillion.*

*When talking about the future increases in the debt limit, all the administration will say is that: 1) they want a "clean" increase, and 2) they refuse to negotiate.*

*We don't know what they mean by a "clean" increase. We don't even know how much of an increase they want or for how long. Apparently, even making such desires known would constitute a negotiation.*

*This posture is neither productive nor helpful toward resolving the current impasse over the debt limit.*

*Essentially, what the administration appears to be saying is that it is ENTIRELY up to Congress to increase the debt limit and to decide how much and for how long.*

*This, of course, raises more questions than it answers.*

*For instance, does it mean that, if Congress chooses to enact a two-week clean debt limit increase, the President will sign it?*

*According to the administration's public statements, because Congress is solely responsible for increasing the debt limit, such a hypothetical stop-gap would be fine if that's what Congress chose to do. Yet, somehow, I don't think that's what the President is looking for when it comes to the debt limit.*

*In just the past couple of days, the President has expressed willingness to entertain a short-term increase in the limit, which sounds like a willingness to negotiate terms. Sadly, the*

*President's statements are still short on details.*

*Secretary Lew, the lack of real engagement on the part of the administration is just one of the elements of the current debt limit debate that I find disconcerting.*

*It is also disconcerting to have administration officials, including you, publicly questioning sentiments of Americans and financial market participants, and suggesting that people may be too calm in an apparent effort to whip up uncertainty in the markets.*

*It is disconcerting that you have suggested that payments of Social Security benefits to retirees and disabled American workers are at risk, especially since you are a Trustee of the Social Security trust funds.*

*It is disconcerting that administration officials are sounding alarms of emerging risks to financial stability arising from the debt limit impasse, while, at the same time, the Financial Stability Oversight Council, which you Chair, has been silent and refuses to tell the American people how it would respond to these risks.*

*Finally, it is disconcerting that the administration refuses, in the context of the debt limit, to even have a conversation with anyone concerning our unsustainable entitlement programs, which everyone agrees are the main drivers of our debt.*

*The President has, thus far, refused to seriously discuss structural entitlement reforms without assurance that he first gets yet another tax hike. More often than not, what we hear from the administration on entitlements is a series of disclaimers as to what reform proposals they will no longer consider. And, that list seems to get larger every day.*

*The biggest question I have is: If the Obama Administration won't negotiate on entitlements in the context of the debt limit, when will they negotiate on entitlements?*

*Secretary Lew, I will remind you that I have put forth five modest reform proposals for our health entitlement spending, and personally gave them to the President earlier this year. You also have copies of these proposals.*

*Yet, to this day, I have yet to hear a response. I cannot even get mere conversations from the administration about my proposals that I offered in good faith, well before the debt limit was even an issue.*

*Most recently, the Senate Majority Leader has introduced a "clean" debt limit bill that would increase the limit until January 1, 2015, which will likely raise the limit by \$1.3 trillion or more. That, apparently, is the position of the Senate Democratic Leadership, but is somewhat inconsistent with the President's recent willingness to accept a short-term increase in the debt limit.*

*As you can see, Secretary Lew, we have a lot to discuss today. My hope is that, during the course of this hearing, we can get a real sense of where the administration wants to go with regard to the debt limit.*

*I also hope that we can get past the arguments that have thus far dominated the administration's rhetoric regarding this issue.*

*Our nation's debt is now larger as a share of our economy than at any time since World War II.*

*Despite the rhetoric of the administration, our growing debt is not solely the result of decisions made by Congress.*

*It is not all due to the financial crisis.*

*And, it is not all the result of tax relief enacted under the Bush administration.*

*Instead, it is a problem that all of us – both Congress and the Executive Branch – need to deal with. And, the only way to responsibly deal with it is to confront our unsustainable entitlement spending, which will require the administration to do something it is now refusing to do, which is negotiate.*

*Secretary Lew, as President Obama said in 2006 regarding the debt limit, Americans deserve better. Thank you, Mr. Chairman.*

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