



Floor Statement by U.S. Senator Chuck Grassley
Ranking Member of the Committee on Finance
Health Care Reform and the Economy
Delivered Tuesday, November 10, 2009

Mr. President, last week we learned that the nation's unemployment rate has risen to 10.2 percent. One out of every ten working Americans is out of a job. But the real number is even higher than that. It's really closer to one in every six. When you add in people who are underemployed or have stopped looking for work, the unemployment number is about 17 percent. According to a weekend article in *The New York Times*, that's the highest this country has seen since 1982. *The Times* also noted that, "*If statistics went back so far, the measure would almost certainly be at its highest level since the Great Depression.*"

Mr. President, after all the bailouts and a \$1 trillion stimulus bill, there are still 16 million of our constituents who want to work, but are unemployed. In fact, despite the White House's fuzzy math, the real statistics show that the unemployment rate has more than doubled since the President signed the stimulus bill in February. That equates to about 7 million lost jobs since the stimulus became law. And despite the stimulus bill's failings, the White House is pinning its hopes on another trillion-dollar effort.

Now it's using its "back-of-the-envelope" calculations to say that health reform is going to save the economy. This picked up back in March when the White House chose to focus on health reform, rather than the economic crisis. President Obama said, "*Healthcare reform ... is a fiscal imperative. If we want to create jobs and rebuild our economy, then we must address the crushing cost of healthcare this year, in this administration.*"

It is true. Health care costs are rising at twice the rate of inflation, straining family budgets, and making it difficult for American businesses to remain competitive. Congress should absolutely enact legislation that addresses these issues. But unfortunately the pending health reform proposals in the House and Senate not only ignore the primary issue of cost, they also put in place policies that are going to cause more Americans to lose their jobs and further damage our struggling economy. Whether

it's the \$500 billion in tax increases or the growing list of new federal mandates, the pending bills will take our economy in the wrong direction. Back in March, when President Obama turned his attention to health reform, the head of his Council of Economic Advisers, Christina Romer said, "*We know that small businesses are the engine of growth in the economy, and we absolutely want to do things to help them.*"

Well, I'm not sure how the White House defines the word "help" when it comes to getting small businesses back on track. But I do know that President Obama came up to Capitol Hill this past weekend to pressure House members to vote for a bill that will have a devastating impact on our nation's small businesses. If this is what Administration officials mean when they say they want to "help" small businesses, the old phrase "with friends like these, who needs enemies" comes to mind. The President and Democratic leadership twisted arms and bought support for a bill that the National Federation of Independent Businesses, the voice of America's small businesses, actively opposed.

After the bill passed, NFIB released the following statement about the Administration and Congress' effort to help small businesses, "*Small business owners are outraged ... this bill will actually make things worse, not better. With unemployment at a 26-year high, the punitive employer mandates and atrocious new taxes will force small business owners to eliminate jobs and freeze expansion plans at a time when our nation's economy needs small business to thrive.*"

It doesn't sound like they appreciate the Administration's efforts to help. And with the marginal tax rate on some small businesses, especially those likely to expand, rising by 33 percent under the House bill, it's no wonder. What's more, any business looking to the capital markets will probably find sources of capital chilled by the 70 percent increase in the marginal rate on capital gains that occurs under the House bill. Now, some members might say NFIB's statement was about the House bill. But bills in the Senate aren't much better. The HELP bill has a similar "pay or play" mandate that will cost American jobs. And the Finance Committee bill is filled with tax increases that will directly affect small business owners and their employees, including families that make less than \$250,000 a year.

Further analysis by the Congressional Budget Office has shown that small businesses could also face significantly higher health insurance premiums as a result of the new insurance market reforms. The Oliver Wyman Consulting firm concluded that the insurance reforms could raise premiums by as much as 20 percent. And as more American businesses, big and small, face higher premiums and more taxes, workers will end up suffering.

The Congressional Budget Office has concluded that pending Senate legislation could force about 3 million people out of their employer-based coverage, and that doesn't even include the potential impact of a government-run plan. That doesn't sound like helping small businesses or letting people keep what they have. And the bills also make

our unemployment situation worse. We're talking about another trillion dollars in spending that we can't afford that will end up costing American jobs.

A recent article jointly published by *Health Affairs* and the Robert Wood Johnson Foundation stated, "*Small, lower-wage firms could be among the most affected [by a pay-or-play mandate] ... firms might respond by firing or declining to hire workers. Several studies ... projected the loss of anywhere from 224,000 to 750,000 jobs.*" That analysis doesn't even take into account the impact of the tax increases and new federal mandates. And the people who don't lose their job will face lower wages. Economists from the far right to the far left agree that as health insurance costs increase, wages go down. So, as all the new federal mandates and regulatory requirements drive up premiums, businesses will be forced to respond by lowering wages.

All of this doesn't sound like a recipe for getting the economy back on track. Let's just review what the pending bills mean for the average worker and our struggling economy: Higher unemployment – more than 750,000 lost jobs; increased health insurance premiums – maybe by as much as 70 percent; lower wages -- less money in your paycheck; \$500 billion in higher taxes for individuals and American businesses; and more government spending and higher deficits.

The Administration and Democratic leadership can make all the promises they want. But the facts are the facts. Congress needs to address health care. We need to bring down costs, improve quality, and create a more competitive market for insurance. But we should do it in a way that makes our economy stronger. Unfortunately, the health reform bills that we have seen so far are bad for the economy and bad for American workers. Let's not make a bad situation worse.