



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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**Statement of U.S. Senator Max Baucus (D-Mont.)  
U.S. Senate Finance Committee Hearing on the President's FY2007 Budget Proposal  
(as prepared)**

The Proverb says: "A good man leaves an inheritance to his children's children."

Today, we discuss the budget and American competitiveness. And the budget is a statement about what kind of world will we leave to our children and to our children's children.

Will we leave them prosperity? Or will we leave them debt?

Will we leave them better jobs? Or will we leave them third-world wages?

Will we leave them a brighter life? Or will we leave them a standard of living in decline?

That is what the budget is about. And that is why we must focus on America's competitive place in the world.

For the last five years, the Federal budget has left debt to our children. The President's Budget released yesterday continues that legacy in the current year, in the next year and in the years beyond that.

From 1997 to 2001, the Federal debt held by the public declined about \$1,600 per person. That lightened by \$6,400 the burden hanging over every family of four.

But since 2001, the Government has been adding burdens for our children and our children's children. The budget before us today shows that from the end of fiscal year 2001 through the end of fiscal year 2008, this administration will have added more than \$7,700 in publicly held Federal debt for every man, woman, and child in America. That's about \$31,000 of new debt for a family of four, thanks to the current budget policies.

That is one way in which this administration's fiscal policies are taking from our children and our children's children.

Moreover, the Government borrows much of this money from central banks in China, in Japan, and in other foreign countries' institutions. America is borrowing 80 percent of the world's annual savings. We are handing our children and our children's children a set of obligations that they will owe to foreign central banks.

The budget affects whether our children will receive the education that they need to compete. The budget affects whether health care costs will hobble American families and businesses. And the budget affects whether American research and development will remain at the cutting edge.

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I want to leave to our children and our children's children an economy where health care coverage is our economy's strength, not its greatest burden. I want to leave to our children and our children's children an economy where workers and companies look to foreign shores with hope and ambition, not fear and trepidation. I want to leave to our children and our children's children an economy that set records for investment, not deficits.

Whether we succeed or fail is a matter of choice. Will we choose to invest in education? Will we choose to rethink how we fuel our economy and our cars? Will we choose to guarantee that every American has health care coverage? Will we choose to discipline our budget?

I believe that America is ready for tough choices. So I have spent much of the last year developing an agenda to help us make the right choices to ensure that we have a competitive economy in the future. Over the past seven months, I spoke on the floor of the Senate to identify seven key areas that determine economic competitiveness. These areas are education, energy, health care, research and development, taxes, international trade, and national savings. Two weeks ago, I unveiled a detailed seven-part plan for ensuring our economic competitiveness now and in the future.

I was heartened that the President's State of the Union address and now his budget have included proposals for improving our economic competitiveness. And I look forward to working together with him and Senator Grassley to enact those proposals.

But the President's plan is not bold enough. It needs to be bolder. And in some areas, the President's plan goes in the wrong direction. There, it should not be adopted at all.

Here's how some of those areas shape up:

On education, I'm for improving math and science education, as the President wants. But I don't want to just encourage kids to take math and science classes. I want to let them know that if they take those classes, and choose to major in those subjects, we will make their college tuition free.

The President wants to bring more math and science professionals into the classroom. I want to double their salaries to keep them there.

On energy, I'm for increasing research that can lead to energy independence, as the President wants. But I don't want just to increase funding. I want to create the Advanced Research Projects Agency for Energy — ARPA-E. This independent arm of the Energy Department would follow the lead of DARPA at Defense. It would find the most cutting-edge solutions to our energy problems. It would help to shake our addiction to foreign oil.

On health care, competitiveness demands that we address spiraling health care costs. And compassion demands that we extend the security of meaningful health insurance coverage to millions of uninsured Americans.

I am concerned that the President's budget proposals will do little or nothing to reduce costs or expand coverage. Moreover, his emphasis on Health Savings Accounts and high-deductible policies could make meaningful coverage even less available to those who need it most.

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I am also concerned that the President's emphasis on individual health insurance plans could undermine coverage for the more than 60 percent of Americans who get health insurance through their employers.

In Montana, 52 percent of the non-elderly have coverage through their employers. Nine percent of Montanans have individual insurance. We need to treat the nine percent fairly, without undermining the employer-based system that covers 52 percent of our citizens.

And we need to extend health coverage to the 22 percent of Montanans who have none at all.

On research and development, I'm for making the R&D tax credit permanent, as the President wants. But I also want to simplify and streamline the credit to make sure that American innovators can get it and use it to do great things.

On trade, this administration has pursued politically-motivated trade agreements with very small countries of little economic significance. Those agreements create few jobs at home. I have criticized these pursuits.

And in response, Ambassador Portman has stepped up his engagement with commercially significant partners in Asia — Korea and Malaysia, in particular. I encourage the administration to make more of these types of engagements.

Moreover, I will soon introduce a Trade Competitiveness Act that will make the administration more politically accountable to Congress in identifying and pursuing the most egregious foreign market access barriers. This Act will also create a new Senate-confirmed Chief Trade Prosecutor at the office of the United States Trade Representative that will be dedicated to investigating and prosecuting trade enforcement cases.

On savings, I'm for increasing savings, as the President wants. We need to increase savings to spur increased investment. And increased investment spurs greater productivity. And greater productivity makes our products more competitive in a global economy.

But his proposals on personal savings create incentives for those who already save to move their funds around. They will not have the effect of increasing personal savings. Rather, we must provide workers with new opportunities to save, and help those with too little income to benefit from current tax incentives to save for their futures.

And we cannot forget public savings. When governments run surpluses, they contribute to savings. When they run deficits, they detract from savings. This administration has been running massive deficits.

We needed tough pay-go rules to force the President and the Congress to pay for any new entitlement spending or tax cuts. We did not have those rules during the last few years. And this contributed to deficits becoming far too large.

Will we have such rules in the future? Unfortunately, the President opposes them. I think that they are critically necessary.

Let us choose to be good public servants. Let us leave an inheritance of prosperity, and not debt, to our children and our children's children. And let us leave them a brighter life in the competitive world to come.

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