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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Jobs, the Economy and the President's Fiscal Year 2013 Budget Proposal
As prepared for delivery

Thomas Edison once said, "The value of an idea lies in the using of it."

Yesterday, President Obama issued his budget proposals for the next ten years. Treasury Secretary Tim Geithner is here to discuss them. We need to determine how to best use these ideas to create jobs, reduce the deficit and create economic growth.

The top issue facing our country – and the number one priority of this budget – is job creation. We have made real progress in our job creation efforts, the jobs picture is improving and the economy is showing promising signs of recovery.

We've added 3.7 million jobs in the last 23 months. The number of people applying for jobless benefits each week has fallen steadily. Yet there are still far too many people out of work; 12.8 million Americans are unemployed.

We need to do more to spur economic growth and help businesses create jobs. The President's budget contains critical policies to do just that, starting with the payroll tax cut.

Extending this tax cut through the end of the year will save families real money – an average of one thousand dollars. These families will spend this extra money at local businesses, pumping it through our economy.

The budget also renews unemployment benefits for workers who've lost their jobs through no fault of their own. These workers are sure to spend these benefits, which will help support and create more jobs. According to our nonpartisan scorekeeper, the Congressional Budget Office, every one dollar in unemployment benefits can generate nearly two dollars in economic growth.

Failure to extend the payroll tax cut and unemployment insurance would cost up to half a million jobs. We can't let that happen to working families or our economy.

Continuing our smart, aggressive trade policy to open new markets to America's world-class goods is also key to our competitiveness and jobs here at home. Last year, we passed three free trade agreements with Colombia, Panama and South Korea. These agreements will generate \$12 billion in new U.S. exports and create tens of thousands new jobs here at home. We also extended a critical

worker assistance and training program to ensure American workers have the tools they need to compete and take advantage of new trade opportunities.

This year, I am working with my colleagues and the Administration to grant permanent normal trade relations with Russia. Once we do, U.S. exports to Russia could double over the next five years. This will create more American jobs, particularly in the services, agriculture, manufacturing and high-tech sectors.

This budget would extend tax provisions that expired at the end of 2011, known as the “traditional extenders.” These include deductions for college tuition and for state and local sales taxes, and they include a tax credit for research and development to encourage innovation. We should extend these tax breaks for families, individuals and businesses and do so now.

But we also need to end the cycle of year-to-year extension and uncertainty for families and businesses. We should work together to enact comprehensive tax reform. We must make our tax code fairer and more predictable.

This budget takes a step in this direction by making the 2001 and 2003 tax cuts for the middle class permanent, providing permanent estate tax relief and solving the problem of the alternative minimum tax.

We cannot stop there. Uncertainty is not the only problem with our tax system. The tax code and regulations are now as thick as a stack of a dozen bibles. We need to simplify it and close loopholes, and we must ensure that it helps businesses compete in the global economy and create jobs. I look forward to working with my colleagues and the Administration to create a better tax system that meets our 21st-century needs.

The President’s budget also makes much-needed investments in America’s infrastructure, which is sorely needed at a time when unemployment in the construction industry is hovering around 15 percent.

The Senate's Highway Bill has passed out of several committees – including this one – with bipartisan majorities. It will provide nearly \$110 billion over two years to support road safety, mobility, interstate commerce and jobs. It’s time to enact it into law.

In addition to creating jobs, the President’s budget takes important steps to bring the deficit and Federal debt held by the public under control. We have already reduced Federal deficits significantly. Earlier this year we enacted the Budget Control Act of 2011, which reduced spending by \$900 billion, and the health reform law provided the biggest deficit reduction in more than a decade.

Nonetheless, Federal budget deficits and debt are still too large. We must adopt policies that will stabilize debt as a percent of GDP by the latter part of the next ten years. This budget meets that test.

I look forward to continuing our work on deficit reduction and job creation in the coming years.

There is another reason that we must continue to focus on deficit reduction, along with job creation, this year: A perfect fiscal storm is waiting at the end of the year. First, the 2001, 2003 and 2010 tax cuts expire. Two days later, an automatic sequester of many Federal programs will take place, and the debt

limit will need to be raised at about the same time. This is what we'll face if we do nothing to reduce deficits and control Federal debt in the coming year.

Any deficit reduction we develop must be balanced and fair. Everyone must contribute, but no one should have to make undue sacrifices. Unfortunately, one area of the budget falls short of this standard. The cuts to rural assistance programs are too deep. While we all must work together to achieve meaningful deficit reduction, we can't do this at the expense of job creation and protecting programs that folks in rural areas depend upon.

Deep cuts to agricultural programs will pull the rug out from our hard-working producers and unjustly target rural states like Montana. Rural development programs provide important economic development, infrastructure and housing resources. Cuts to these programs have a devastating effect on the economies of rural communities and paralyze our ongoing economic recovery.

We need to enact deficit reduction in a smart way. I look forward to working with my colleagues and the Administration to do so.

So let us work together to enact significant deficit reduction. Let us do so in a way that preserves and enhances our job creation efforts. Let us take these ideas and find the best way to use them.

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