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Floor Statement of Senator Max Baucus (D-Mont.)
Regarding the Thune Amendment to the American Jobs and Closing Tax Loopholes Act

Mr. President, once again, we are here today to try to help create jobs. That's what the underlying bill and substitute amendment are all about.

But the Thune amendment would move in the wrong direction. Instead of helping to create jobs, the Thune amendment would probably cost jobs.

The Thune amendment would reduce aggregate demand in the economy by more than \$50 billion. Instead of continuing the good that the Recovery Act has done, the Thune amendment would stop it in its tracks.

The Thune amendment would, among other things, cancel unspent and unallocated mandatory spending in the Recovery Act.

The Recovery Act is working.

This is what the nonpartisan Congressional Budget Office said in its most recent report:

"CBO estimates that in the first quarter of calendar year 2010, [the Recovery Act's] policies:
"Raised the level of real . . . gross domestic product . . . by between 1.7 percent and 4.2 percent,
"Lowered the unemployment rate by between 0.7 percentage points and 1.5 percentage points,
"Increased the number of people employed by between 1.2 million and 2.8 million, and
"Increased the number of full-time-equivalent jobs by 1.8 million to 4.1 million compared with what those amounts would have been otherwise."

And the Congressional Budget Office projects that the Recovery Act will continue to create jobs. CBO projects that the Recovery Act will create the most jobs in the third quarter of this year. And then it will begin to taper off.

We should not want to cut that job creation off. That is what the Thune amendment does. In this fragile economy, the last thing that we should want to do is to cut back this proven job creator.

We passed the Recovery Act to give a needed boost to our economy. We designed the bill to work over two years. If we were to withdraw these critical funds, we would risk causing further damage to a fragile economy.

The Thune amendment would also cut other important spending programs.

The Thune substitute amendment would cut discretionary spending by five percent across the board for all agencies, except for the Department of Veterans Affairs and the Department of Defense.

This five percent cut would apply to the Department of Homeland Security. It would apply to Immigration and Customs Enforcement. Apparently, it would apply to the intelligence agencies.

The Thune substitute amendment would freeze the salaries of all Federal employees, except for members of the armed forces.

It would freeze the salaries of civilian defense workers. It would freeze the salaries of law enforcement. It would freeze the salaries of border protection agents.

Another provision would cap the total number of Federal employees at current levels. If an agency needed to hire a new employee, it would first need to fire an existing employee. That's not how to create jobs. This would dramatically reduce the flexibility of agencies to make hiring decisions.

I support finding ways to make our government more efficient. But these cuts are arbitrary. They are mindless, meat-ax cuts.

The Thune amendment would also make changes to the new health care law. These changes would leave more Americans without health insurance. The Thune amendment would do this by expanding the affordability exception to the responsibility for individuals to buy health insurance.

This expansion would eliminate coverage for millions of Americans. And CBO tells us that this would raise health care premiums.

The irony of this proposal is that it raises money for the Government because the Government would not provide as much in tax credits to Americans to help them buy insurance.

But Congress has just enacted health care reform. Congress just expressed our nation's commitment to helping all Americans to buy health insurance. We should let the new health care law take effect.

The Thune amendment would also propose changes to our medical malpractice system that the Senate has rejected many times.

The Thune amendment would cap damages and make other changes to state laws. This is not the solution to medical malpractice.

The Congressional Budget Office has said that these kinds of ideas would generate savings. But we need to ask: At what cost?

What would be the cost to patients? What would be the cost to the states?

CBO relied on outside studies in calculating its cost estimate. And those same studies point out that certain tort reform policies may also increase the number of risky procedures performed. And these policies may lead to more patient injuries and more patient deaths.

One study upon which CBO relied said that these policies would lead to a 0.2 percent increase in mortality. These policies in the Thune amendment could lead to more patient deaths.

That's an awfully high price to pay. But that is the consequence of the Thune amendment. Our nation's civil liability system has always been forged at the state level. Nationalizing that system with damage caps would put patients at risk.

The Thune amendment employs some of the offsets that it does because it drops the oil spill liability tax. And the Thune amendment employs some of the offsets that it does because it drops the tax loophole closers in the underlying substitute amendment.

The Thune amendment thus would allow big oil companies to pay less into the oil spill liability trust fund, to pay for oil spills.

The Thune amendment thus would allow investment managers to continue to pay lower capital gains tax rates on their service income than other Americans do on their wages.

The Thune amendment thus would allow some professionals who organize as S corporations to avoid paying their fair share of Social Security and Medicare payroll taxes.

And the Thune amendment thus would allow multinational corporations to continue accounting dodges to avoid paying their fair share of taxes here in America.

These decisions reflected in the Thune amendment are bad tax policy. These decisions preserve unfairness and inequity in the tax law.

And so, the Thune amendment would put the recovery at risk by curtailing the Recovery Act. It would cut the number of Americans with health insurance and raise premiums. It would nationalize medical malpractice law, putting patients at risk. And it would protect big oil and multinational corporations that ship their jobs overseas.

For all these reasons I urge my Colleagues to oppose the Thune amendment.

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