



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

Statement of Senator Chuck Grassley, Chairman, Committee on Finance
Hearing: "Hurricane Katrina: Community Rebuilding Needs and Effectiveness of Past Proposals"
Wednesday, Sept. 28, 2005

I'm pleased to call to order this hearing. The Senate Finance Committee will focus on our efforts to deal with the aftermath of Hurricane Katrina. Hurricane Katrina wreaked havoc on an important area of our nation – the Gulf Coast region. It was especially devastating to the states of Louisiana, Mississippi, and Alabama. Unfortunately, the folks of Southwest Louisiana took a second tough blow from Hurricane Rita over the last weekend. The damage is profound, but so too is the good will shown by many who responded to the hurricane. While many mistakes were made by some, I'm heartened by the stories I've seen of first responders and volunteers. These folks, often at the risk of life and limb, took their boats to flooded areas and helped pull stranded people to safety. The American people have been generous in our charities' response to the needs of people in the Gulf Coast region.

The Finance Committee has responded quickly and decisively to the hurricane. Last Friday, President Bush signed into law the immediate tax relief package worked out by the House and Senate. I thank Senator Lott for his input as well as that of Senators Landrieu, Vitter, Cochran, Shelby and members of this Committee. We hope to pass the immediate health care and income security package as well. Senator Baucus and I are working together on these packages and will continue to do so. I appreciate his cooperation and leadership.

Today, we move to the next stage. We are moving beyond the immediate needs of individuals and into the area of rebuilding the region. With respect to this committee's jurisdiction, the federal policy initiatives are in the areas of taxation, international trade, health care, and income security. As we move into this next stage, we need to marry up our compassion for the displaced persons and damaged communities with our attention to fiscal discipline. We need to find the most efficient and effective ways to use the federal resources under this committee's jurisdiction to carry out the overall policy of rebuilding the region. As I see it, we need to keep in mind several principles as we move forward. There are four I would like to briefly lay in front of the committee.

First and foremost, market forces are going to have to be the prime mover in getting the region back on its feet. Everyone knows the ports of the Gulf Coast region are a critical part of our national economy. In my own case, a lot of my state of Iowa's farm products go down the Mississippi and out to foreign markets through those ports. Oil and gas reserves still sit in the affected states. Exploring for and developing energy is a vital activity in the region. Most importantly, the can-do attitude of the hard-working people, like the volunteer boatmen I mentioned, is still there. The work ethic and special technical know-how of the working people of the region is surely its greatest asset. And I know those folks, like folks everywhere else, want to rebuild their communities and return to their way of life. So, whatever policy initiatives we look at should be designed to speed up market forces that are already in play.

Second principle: Ascertain and deal only with uninsured losses. The taxpayers should not be bailing out insurance companies or underwriters. This principle is a corollary to the first principle. That is, market forces ought to work their will and losses ought to be borne by those who undertook the risk. That is the capitalist system after all.

Third principle: Within the category of uninsured losses, we should focus limited federal resources on those who are in most need. We should focus on small businesses. In the Gulf Coast region, like that of the rest of America, small business creates most of the new jobs. It doesn't mean that large multinational corporations should not be considered in our proposals. It does mean the incentives and loss recovery should not be designed to duplicate what multinational businesses are otherwise predisposed to do.

Fourth principle: The incentives and loss recovery should be front-loaded and time-sensitive. That is, we should send signals to business and others to move aggressively and quickly back to the region. There should be a distinct beginning and end to the policy the Finance Committee is considering. This principle is important for fiscal discipline as well.

So, I want to share these principles with committee members before we start on this next phase of dealing with Hurricane Katrina.