

Statement of US Senator Joe Lieberman

Before the Senate Budget Committee

November 10, 2009

Bipartisan Process Proposals for Long-Term Fiscal Stability

The SAFE Commission bill

Mr. Chairman and Ranking Member Gregg, thank you for holding this hearing on a matter of utmost importance to our nation and its future. Now more than ever, we must come to terms with the potentially crippling amount of debt on our nation's books.

We are faced with \$12 trillion in national debt and a deficit for the just-completed fiscal year that exceeded \$1.4 trillion, more than three times as high as last year's record deficit. Congress and the executive branch have nonetheless committed the nation to a spending plan that will add \$9 trillion more to the nation's debt over the next decade. As no one knows better than you, this course is unsustainable. We all know it, yet we are not taking the difficult steps or making the difficult choices that are essential to reverse course.

In the immediate term, to meet our current financial obligations, we will also be confronted with the need to increase our national debt ceiling limit of \$12.1 trillion, which we are rapidly bumping up against. As you know Mr. Chairman, due in no small part to your leadership on this issue, I and nine of my Democratic colleagues have joined in submitting a letter to Majority Leader Reid, urging that any increase in the debt limit only be undertaken in conjunction with putting into place a special process, such as a commission, to address our nation's long-term fiscal problems. We must pursue a solution like this to ensure that we do not put ourselves or the nation into a position where we continually have to increase the nation's debt ceiling limit to accommodate perpetual deficits and ever-growing national debt.

At the same time we are faced with this debt and spending problem of critical importance to our nation's well being, we in Congress are considering several other major legislative initiatives that will also shape the future of our economy and the lives of every American citizen: namely, health care reform, comprehensive climate change legislation, and an overhaul of our financial regulatory system, whose shortcomings played no small role in contributing to our current economic woes.

No matter how important these other reform initiatives such as health care and climate change are—and I believe they are deeply important for this country—

they pale in comparison to the critical problems we will face if we continue to spend ourselves into a debt crisis from which our economy will not be able to recover. Simply put, our grandchildren will be responsible for paying the bills for the massive checks we are writing today. Our children and future generations of America will bear the brunt of our failure to make the difficult but essential economic choices: reduced national savings, skyrocketing interest rates, a drastically weakened dollar, and even more dependence on foreign governments who currently own half of our nation's publicly held debt, assuming they even remain willing to finance our fiscally irresponsible habits.

To address the severe fiscal problems we face, Senator Voinovich and I have introduced the SAFE Commission Act: Securing America's Future Economy Commission Act. Our proposal is similar in purpose and substance to the other proposals represented here, and to legislation the Chairman and Ranking Member introduced in the last Congress. I and many of our colleagues on both sides of the aisle have become increasingly convinced that the only way we will be able to make the difficult decisions needed to reduce our national debt is to create a special commission whose sole focus is to develop solutions to the long-term fiscal problems that our country faces. We in Congress and the executive branch have failed to take the necessary steps to get entitlement spending and deficits back in control, and the challenge and distractions will only grow worse in the face of the

near-term economic problems we must address and the other major legislative initiatives pending before us.

I strongly support these proposals because they recognize that restoring long-term fiscal balance to our economy will require a mechanism to insulate the process from politics and to ensure that the tough decisions that have to be made can and will be made. This is an approach that has worked in the past, for example with the politically charged military Base Realignment and Closure, or BRAC, Commission process.

We find the economy at a difficult crossroads, with one path requiring near-term measures that I support to restore the economy to sound footing, create jobs, and address the worst job market in more than a quarter of a century. But the other path requires long-term fiscal restraint and difficult choices to rein in out-of-control deficits and reduce the national debt to sustainable levels.

Mr. Chairman and members of the Committee, I am grateful that you have convened this hearing to consider this matter that is of critical importance to finding the right path to ensure our nation's economic well being and the future competitiveness of the American economy. I am optimistic that we can quickly come together to bring these issues and proposals before the House and Senate and send a measure to the President.