

Opening Statement of Chairman Whitehouse
Senate Budget Committee Hearing: “Examining CBO’s Updated 2024-2034 Budget and Economic Outlook”
July 9, 2024

I am pleased that we are joined by Director Swagel today to discuss the federal government’s fiscal trajectory.

My Republican colleagues complain that I and my Democratic colleagues are unconcerned about our nation’s fiscal situation because they can’t acknowledge the well-documented fiscal dangers of climate havoc, and they won’t fix our corrupted tax system to require billionaires and mega-corporations to pay fair taxes.

We can, at least, talk about health care delivery system reform as a remedy for our fiscal trajectory. One out of three ain’t bad.

As we’ve noted at prior hearings, more than \$10 trillion—about 35 percent—of our national debt stems from two economic shocks to the economy: the 2008 financial crisis and the Covid pandemic. As we’ve heard over and over again at our hearings, the economic shocks from climate change may well be worse. I suspect that Director Swagel would be the first to agree that his 10-year baseline projections are shot if we experience another massive shock to the economy.

Ignoring looming, systemic economic shocks to the economy would be imprudent, even dangerous. Prior to the 2008 financial crisis, the Committee held no hearings on brewing trouble in the mortgage markets. Nor did this Committee hold a single hearing on the economic risk from global pandemics.

If this Committee, or any committee, had warned effectively of those looming shocks, and Congress had then acted—to better regulate mortgage markets, to invest in vaccine development and pandemic preparedness—lives would have been saved and trillions in economic harm avoided.

But if you mess with the fossil fuel industry, an entire party switches off.

In the first hearing we held under my chairmanship, I spoke about science as the headlights for humanity. A well-run Committee can shine the headlights of knowledge into the future, to head off dangers lurking there.

Our national debt is not only the result of those two economic shocks. It is also the result of repeated rounds of Republican tax cuts that primarily benefited giant corporations and very, *very* wealthy individuals.

The Bush and Trump tax cuts—skewed to the wealthy and big corporations—have added another \$10 trillion to the national debt. If not for those tax cuts, the debt-to-GDP ratio—our best fiscal safety metric—would be declining in perpetuity. Helping the wealthy avoid taxes is such an infatuation that House Republicans even brought the United States to the brink of default trying to prevent the IRS from cracking down on wealthy tax cheats.

The third great driver of our fiscal perils is an aging population. As our population ages, we spend more on Social Security and Medicare. Add in the developed world's most inefficient health care, and you've got a huge fiscal cost.

CBO has found that reforming how we pay for health care, and increasing participation in accountable care organizations, can save money *without* cutting benefits. Indeed, CBO found that actual and projected federal health spending over the 2010-2033 period was \$6.3 trillion *lower than predicted*, which I attribute to improving quality and moving to value-based care. I am pleased to be working with Ranking Member Grassley and with other Republicans on delivery system reform proposals to do more of that.

Democrats have always pledged to protect and preserve Social Security and Medicare. For years, Republicans sought to cut both programs. Now they say they don't. If so, that's wonderful news. If we all agree that we're not cutting Social Security and Medicare, and we all agree that their trust funds become insolvent in approximately 10 years, then there is only one solution left: raise new revenues to fund Social Security and Medicare.

We can do this by de-corrupting the tax code so that big corporations and billionaires don't pay less in taxes than nurses and firefighters. My Medicare and Social Security Fair Share Act will protect Social Security and Medicare *forever*. Imagine if American families could erase from their list of worries, "what if Social Security and Medicare won't be there for me?" What a blessing that would be.

For 18 months, we've heard a steady chorus of Republican voices expressing alarm about debt and deficits and calling for this Committee to focus on its "real job."

It's hard to reconcile that with Republicans voting for the 2017 reconciliation bill that cut taxes for the wealthy and large corporations and blew a \$2 trillion hole in the deficit.

It is hard to reconcile that with Republican plans to extend those cuts and add almost \$5 trillion *more* to the deficit.

It is hard to reconcile that with Republican calls to spending an extra \$6 trillion on defense, with no proposed offset.

And what is the Republican plan for the looming insolvencies of the Social Security and Medicare trust funds? Crickets.

MAGA Republicans live in a fantasy world of a balanced budget, extended Trump tax cuts, and funded Social Security, Medicare, defense, and veterans' programs. Can't happen. CBO says it's arithmetically impossible—even if Republicans cut everything else to zero in the entire budget.

To get real about debt and deficits, we have to avert climate-driven shocks and persistent climate-flation; we have to de-corrupt the tax code, so that big corporations and billionaires are no longer a favored, free-riding elite; and we have to bring down health care costs without cutting benefits, with common-sense delivery system reforms. Which is why I focus on those things.