

Rep. Mark Pocan (WI-02) Opening Statement

O&I Subcommittee Hearing: "Unsustainable Federal Spending and the Debt Limit"

I want to thank Members of the Subcommittee, including Chairman Duffy and Ranking Member Green, for allowing me to testify today. I also want to thank Ranking Member Waters, for inviting me to participate in today's hearing. As a Member of the Budget Committee I have a particular interest in the discussion of our fiscal policy and look forward to answering your questions here today.

In Congress, there is a tendency to ignore long term consequences in favor of temporary, short term victories. This mentality is no more evident than in the approach of my Republican colleagues when it comes to fiscal policy, specifically their heavy-handed approach to cutting government spending and deficit reduction.

As a small business owner for over 25 years, I understand how difficult it is to run a business when the constant threat of a government shutdown or default creates panic and uncertainty among banks, investors and customers. Putting small business and consumer confidence at risk, at a time when both on the rise, to play political football here in Washington is just wrong. Worse, a default would see American families' hard-earned retirement savings lost, seniors and veterans could face delays in the monthly Social Security and disability checks they rely on, and the costs of homes and student loan rates could dramatically increase due to higher interest rates.

Even entertaining the idea of using the debt limit as a tool for forcing future across the board cuts is labeled as absurd by the majority of economists and a default would have devastating consequences for our economy and workforce. Refusing to raise the debt limit would constitute nothing short of fiscal malpractice, potentially reducing GDP by 20 to 30 percent and doubling the unemployment rate. We need to stop flirting with threatening the full faith and credit of the United States every time it is politically expedite. Over the past twelve months, private employment has risen by 2.6 million and employment is at 5 percent, its lowest rate since April 2008. For fiscally-minded Republicans who want to continue to promote economic growth and create good-paying jobs for hard working Americans, this should be a huge deterrent to even approaching another fiscal cliff.

This past December marked the 5th anniversary of the bipartisan Simpson-Bowles plan to reduce the deficit. This plan proposed massive cuts which were largely realized during the subsequent Budget Control Act's mindless approach to cutting known as sequestration.

I think something that gets lost in this debate on reducing the deficit is that lawmakers have enacted more than 70 percent of nondefense discretionary cuts proposed by the Simpson-Bowles Deficit Reduction plan which gave way to the years of steep budget cuts we've endured.

For the past few years, we have accepted massive budget cuts to research at universities, the National Institute for Health, Head Start, and to programs that provide a vital social safety net to our most vulnerable citizens. However, in the past five years, lawmakers have generated less than a third of the revenue recommended by the commission. A key tenet of the Simpson-Bowles plan was to strike a balance between cutting spending and raising revenue.

Unfortunately, House Republicans have insisted on a heavy-handed approach to curtailing discretionary spending without generating enough revenue. This laser-like focus on short term cuts in discretionary spending, a relatively small portion of the federal budget, has put us on an unsustainable path for long term deficit reduction.

I believe it is vital to have an open and frank discussion on our nation's fiscal policy, but it must be done in a fashion which does not muddle the true nature of our spending priorities and mask self-imposed fiscal crisis in the guise of a tool to dictate fiscal discipline. We've cut all we can – to insinuate that federal budgets have been anything but austere in recent years is entirely misleading.

What is needed instead is the commonsense, balanced approach to deficit reduction that includes many options for generating revenue, such as some of the suggestions in the Simpson-Bowles plan. My Republican colleagues have been happy to make all the cuts, but have failed to seek out any revenue. But, as families sitting around the kitchen table trying to pay their mortgage or send their kids to college understand, there are two sides to balancing a budget: what we take in and what we spend and we are no different.

Again, thank you for having me participate in today's hearing and I look forward to taking your questions.