

**Prepared Statement by Senator Chuck Grassley of Iowa
Chairman, Senate Judiciary Committee
Hearing: Preventing America's Looming Fiscal Crisis:
The Need for a Balanced Budget Amendment
Wednesday, March 16, 2016**

Good afternoon. Today, the Senate Judiciary Committee takes up an issue of enormous importance: America's fiscal crisis and the need for a balanced budget amendment.

Today, our total national debt stands at more than \$19 trillion. During the past seven years, we've added trillions to the debt. Debt held by the public nearly doubled during this time. Annual deficits over many of those years were larger than they had been at any time since 1946. Debt held by the public is now equivalent to 74 percent of the economy – higher than any point in U.S. history except during World War II.

The American people expect their government to behave responsibly and live within our means. President Obama never took this responsibly seriously. He has routinely proposed budgets that increased taxes, increased spending, and never came close to balance. His budgets ignored the drivers of our long-term debt.

Deficit spending harms economic growth and jeopardizes prosperity and opportunity for future generations. The fallacy that we can create economic growth through unending deficit spending defies logic and common sense. The fiscal problems facing the federal government are not complicated. The problem is not that we tax too little; it's that we spend too much.

In 1962, President Kennedy stated that the tax system “exerts too heavy a drag on growth in peace time; that it siphons out of the private economy too large a share of personal and business purchasing power; that it reduces the financial incentives for personal effort, investment and risk-taking.”

We need to grow the economy and create jobs. A more prosperous America does not result from an ever larger, more intrusive government. President Kennedy knew the virtue that wealth, left in the hands of entrepreneurial Americans, would create new jobs, spur economic growth and grow the economy. Balancing the budget will increase private investment and grow the economy. Stronger economic growth leads to higher incomes and wages for America's workers.

A balanced budget will help consumers by keeping interest rates low. It also will reduce interest payments on the debt, freeing up valuable resources for important priorities, rather than wasting them on interest payments.

The more our budget is out of balance, the greater the amount of the budget that is used to pay the interest on the national debt. Money spent on interest payments is not funding vital spending.

Deficits and debt matter. They matter to our economy, to hardworking Americans and to job creators. They matter to future generations of Americans that will suffer from our overspending and fiscal carelessness.

It's not just a fiscal issue. It's a moral issue.

We have a responsibility to ensure that future generations have the opportunity to achieve even greater prosperity than our generation. They won't have that if we saddle them with the burden of a \$19 trillion credit card bill. Deficits cannot be run indefinitely. The excess spending is being put on the credit card of future generations. It will impact their quality of life.

Budgets must be balanced. And Congress has shown for a long time that it will not do so unless it is forced to. Just look at the past few years. The Budget Control Act was enacted in 2011, which put hard limits on discretionary spending. But nearly every year since its passage, President Obama and Democrats in Congress have forced an increase in spending. We couldn't abide by that meager amount of fiscal restraint.

This Congress has set a substantive top line on spending for the next year, so let's not hear a smokescreen about passing a formal budget. The Democrats sure didn't do it in the last Congress.

The history of busting budgets displays the insatiable appetite of some around here to spend money. It demonstrates the need for a balanced budget amendment to the Constitution. So many of the arguments you hear against a balanced budget amendment are really arguments against a balanced budget.

And I do not think that passing such an amendment would give judges the authority to make budgetary and fiscal decisions. I wouldn't support it if it did.

The balanced budget amendment is supported by my Republican colleagues. But this issue is not a partisan one. In years past, there were significant elements of support from Democrats for a balanced budget, including a former member of this committee from Illinois, Senator Simon. And at least one of our witnesses today who formerly opposed a balanced budget amendment now supports one. I hope that will help other people who may be disinclined to support the proposal to reexamine their positions.

We have an excellent panel of witnesses testifying before the Committee today, including two of our colleagues. I welcome all of them.