

**Opening Statement of Chairman Joseph Lieberman  
Homeland Security and Governmental Affairs Committee  
“Safeguarding the American Dream:  
Prospects for our Economic Future and Proposals to Secure It”  
Washington, DC  
December 17, 2009**

**AS PREPARED FOR DELIVERY**

**Good morning. With today’s hearing we examine an economic time bomb that is quickly ticking toward catastrophe – our national debt.**

**I will keep my opening remarks brief because we have two stellar panels before us today and I’m eager to hear their thoughts – starting with my friends and colleagues, Finance Committee Chairman Kent Conrad and Ranking Member Judd Gregg.**

**Following them will be two leaders whose expertise is unquestioned – former Federal Reserve Board Chairman Alan Greenspan and former Comptroller General David Walker. Welcome to you all.**

**By New Year’s Eve, the national debt will punch through the \$12.1 trillion cap set by Congress. Obviously, we will have to raise the cap. But it’s time for Congress to get serious about getting the debt under control and start reducing it.**

**I, like many of my colleagues on both sides of the aisle, believe that any effort to provide for a long-term increase of the debt limit must be accompanied by the creation of a special process, such as a statutorily authorized commission, to address the fiscal crisis our nation is facing and offer solutions that Congress must vote up or down.**

**I know Chairman Conrad is actively involved in discussions with the President’s staff and House leaders to reach an agreement on a commission. It appears it may be necessary to pass a short term debt limit extension at this time so we have more time to hammer out a compromise to put in place a commission.**

**If we continue adding to the debt without putting in place meaningful measures to pay it back, we put at risk both our economic and national security; we place our nation’s economy at the mercies of foreign creditors who don’t always share our values; and we put in jeopardy generational promises we have made to ourselves and our children, like Medicare and Social Security.**

**Except for a brief period under President Andrew Jackson, this nation has always been in debt.**

**In fact, in 1790, our first Secretary of the Treasury, Alexander Hamilton, faced an economic crisis of falling property values, frozen credit and a plunging dollar – sound familiar? – and asked Congress to let him use debt to help stabilize the economy.**

**And his plan worked! But even back then Hamilton warned that while government debt could be, in his words, “a national blessing” we needed to be careful. The idea that “public debts are public benefits” [is] a position inviting . . . dangerous abuse,” he warned.**

**Hammering the point home, Hamilton went on to say “the creation of debt should always be accompanied with the means of extinguishment” and “it is difficult to conceive a situation, in which there may not be an adherence to that maxim.”**

**Well . . . difficult as it might have been for Hamilton to conceive, we have done it.**

**Consider the situation we now find ourselves in. Besides the more than \$12 trillion in debt already outstanding, this nation’s unfunded liabilities related to pension obligations, Medicare, and Social Security exceeds \$40 trillion, according to information published by Mr. Walker’s Peterson Foundation.**

**In total, America’s liabilities come to \$483,000 for each American household. Given that the median annual household income in the United States is around \$50,000, you can see what a burden we are placing on the generations of Americans to come.**

**The financial ratings service Moody’s put it even more starkly this week, warning that if the United States doesn’t outline plans to better manage its debt we could face a loss of our AAA rating as early as 2013 – further compounding our debt problem as we would then need to offer higher interest rates on the riskier bonds.**

**Earlier this year I joined my colleague, Senator Voinovich, in introducing the SAFE Commission Act that would have created a panel similar to the Base Realignment and Closing Commission that would recommend to Congress policy changes to get our debt under control that would have to be voted up or down with no amendments.**

**Our bill is similar to legislation that Chairman Conrad and Ranking Member Gregg have offered in past Congresses.**

**And last week Chairman Conrad and Ranking Member Gregg offered the latest version of their legislation, called the Bipartisan Task Force for Responsible Fiscal Action Act of 2009, which has already gained the support of more than thirty Senators and of which I am also a cosponsor.**

**While our bills differ somewhat, they are similar in their scope and purpose in that they both establish a panel to make recommendations on restoring fiscal balance, and call for fast track consideration of the recommendations without amendment.**

**Everything will have to be on the table – taxes, fees, loan programs, business and agricultural subsidies, discretionary spending and entitlement programs, like Medicare and Social Security.**

**This will mean finally facing the hard choices Congress has shown in the past it hasn't got the stomach for. No one wants to see their taxes raised, their benefits cut, or their federal services pared back. But if we fail to act, the global markets will do it for us and that will be far more painful.**

**We've mastered the art of running up the debt. Now let us be masters of our fate and return to the wisdom of our founders, make the hard choices and create the means of extinguishment of our nation's debts.**

**Sen. Collins.**