



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement of U.S. Senator Chuck Grassley regarding S.2027  
Chairman of the Senate Committee on Finance  
Opposition to the Motion to Instruct Conferees on the Byrd Amendment  
Tuesday, December 13, 2005

Mr. President, yesterday a Senator sent a letter to the Majority leader saying that he would oppose the reconciliation bill if we used repeal of the Continued Dumping and Subsidy Offset Act to achieve billions in budget savings. While disappointed, I should not be surprised. In fact, I say "join the club."

Already, one Senator told me that he would oppose reconciliation unless specific provisions on specialty hospitals were not included. Several other Senators threatened to vote against the bill unless the MLLC program is extended. Another Senator told me that he will vote no if we save money by trimming waste from the Medicaid program. A group of Southern Senators said they would vote no if my provision on payment limits became part of the bill. So, let's start the tally: No savings from CDSOA repeal. No savings from the MLLC program; No savings from Medicaid; No savings from payment limits.

With everyone threatening to vote no, there will be no savings in federal programs at all.

Everyone says they are for balanced budgets as long as it is someone else whose budget is cut and not their pet issue. I think we need to ask ourselves whether we want to trim the federal budget or not. And, if not, what does the Republican party stand for?

The most egregious threat has to be over budget savings from repeal of the Continued Dumping and Subsidy Offset Act. This program is government pork at its worst. It takes money that should go to the treasury and transfers it to a select group of companies. Plus, there are very few limits on what the companies can do with the money. According to the GAO, one recipient even used the money to pay off his home mortgage.

The program is so bad it did not even pass in the light of day. Instead, it was pushed into a conference report before it could receive scrutiny by either House of Congress. Ironically, some are arguing that budget reconciliation shouldn't be used to save money by repealing CDSOA. They argue that it should go through regular order.

I don't know why they would argue this, given that the provision never went through regular order before it became law! And, here, unlike passage of CDSOA, repeal went through regular order in the House, whereas CDSOA was never considered by either body.

Let's be clear. We are not talking about repealing any aspect of our trade remedy laws.

Every trade protection that has been in place for years stays in place. What we are talking about is getting rid of a government subsidy program that enriches the few at the expense of the many.

A recent report from the Government Accountability Office shows this in stark detail. Over one billion dollars has been distributed so far under this program. One company alone received almost 20 percent of disbursements, and the top five recipients account for almost half of those disbursements. You don't have to cast a wide net to see where this corporate welfare is going. Just 39 companies account for about 80 percent of disbursements.

And the World Trade Organization has authorized a number of our trading partners to retaliate against us. As a result, innocent U.S. exporters are taking a big hit just so the lucky few can continue guzzling at the public trough. Already our exporters face additional duties imposed by Japan, Canada, Mexico, and the European Union. U.S. producers of live swine, fish, oysters, cigarettes, dairy products, wine, paper products, clothing, sweet corn, industrial belts, steel products, fork lift trucks, and printing machines, are bearing the brunt of those sanctions. And Brazil, Chile, India, and South Korea could impose sanctions at any time. As more countries exercise their authority to retaliate and as payments under this program continue to grow, innocent U.S. exporters and their employees will be hurt more and more.

That's not right. This situation needs to end.

The GAO report points out some other ridiculous aspects of this program, such as the complete lack of accountability. Recipients of funds under the program submit claims based on qualifying expenditures. But there's no way to tell whether those claims are justified. In fact, the evidence suggests that they are not. In 2004, company claims were about \$1.3 trillion. That's right, Mr. President, I said \$1.3 trillion.

The gross domestic product of the United States in 2004 was about \$11.75 trillion dollars. So if the 770 recipients of funds under the Continued Dumping and Subsidy Offset Act are to be believed, they spent about 11 percent of U.S. GDP last year on qualifying expenditures. And I understand that for 2005, claims are about \$3.2 trillion — that's equivalent to over one-quarter of GDP in the United States.

I think those figures show the magnitude of the incentive for fraud under this program. The proponents of this program should be embarrassed. This program is bad economic policy, bad trade policy, and bad government. It should be repealed and the money sent back to the general treasury. If we cannot repeal such a blatant example of government pork to save money during a time of skyrocketing budget deficits, then why are we here at all.

Are we here to protect the pockets of a select few or do what is in the best interests of our nation?