

Ryan Prepared Opening Statement
State of The Economy
1/27/09

- Thank you, Mr. Chairman. I, also, want to extend a warm welcome to our new CBO director, Doug Elmendorf.
- The need for today's hearing is obvious. Job losses are mounting and each day we get fresh evidence confirming the fact that we are in the midst a severe economic downturn.
- Clearly, Congress must take action to address this situation. The hard part is deciding *what* we should do.
- The House will consider this week an \$816 billion "economic stimulus" package – advertised as a focused plan to "get the economy back on track," and "create jobs."
- But on closer examination, it looks more like a sprawling, bloated spending bill that comes with a huge price tag -- with little evidence it will have any immediate impact on the economy.
- Under the guise of "stimulus," this bill includes funding to: buy cars for Federal employees; renovate Federal buildings; and bulk up the National Endowment for the Arts.
- Even *if* it produces the 3 million jobs -- as claimed by the Administration -- it will cost \$275,000 *per job*. Compare that to the average income of the American or the tax bill he or she pays. They are the ones that will ultimately foot this bill.
- According to CBO's data, it will have little impact in the short-run, with only 15% of the spending occurring this year.
- Congress should be focusing its efforts on proven, fast-acting methods for sparking job creation. And frankly, I'm not at all encouraged by the track record of these Keynesian fiscal stimulus plans. The advertised benefits of government spending simply fail to play out in reality.

- The most direct and cost-effective way to get the economy back on track quickly is to boost tax incentives for private businesses to expand and create more jobs. Private capital and investment -- not government borrowing and spending -- is the key to re-starting the engine of sustainable job growth in this country.
- That is why I am disappointed to see that *less than 3 percent* of the current stimulus package is specifically aimed at encouraging private-sector investment through tax incentives.
- There is a great deal of fear and uncertainty in the markets right now – a lot of private capital is on the sidelines and many business investment plans are frozen. This is not only due to the uncertain economic environment but also the *highly uncertain tax policy environment*. And this is something that Congress can and should address.
- Big tax hikes on work, savings and investment are now less than two years away. At the end of next year, when these tax increases are slated to come on line, CBO tells us that the unemployment rate will be at 8.5 percent, which would be the highest jobless rate in more than 25 years.
- The huge spending in this package will inevitably lead to calls for even-more tax increases. Allowing job-killing tax hikes to hit a still-weak economy would be sheer folly.
- If we want to help this economy, we can start right now by giving workers, investors, and businesses the certainty that Congress will not raise their taxes during this period of economic weakness.
- Our short-term reaction to the current economic crisis must not cloud the proven, long-term economic strategies that should guide our recovery and help secure our renewed prosperity.
- Instead of the big-government “borrow, spend and consume” approach of this bill, we should pursue incentives to put private-sector capital to work to create permanent growth and job creation.

- I hope we can learn more today about the effectiveness of this bill to address our economy and I look forward to the witness' testimony.