

Ryan Prepared Opening Statement
Treasury Sec. Paulson
February 13, 2008

- *Thank Mr. Spratt, and Welcome Sec. Paulson.*
- Clearly, the issue on everyone's mind in recent months has been the condition of our economy in the near term. The Federal Reserve has been taking aggressive actions to try to ease the slowdown. And just last week Congress passed a fiscal "stimulus" package – which the President is scheduled to sign today.
- Secretary Paulson, I look forward to hearing your thoughts and expectations on these actions – as well as your efforts to address the problems occurring in the housing and credit markets – such as the plan Treasury announced just yesterday to address rising home foreclosures.
- But I'll also be interested in a broader and more fundamental issue that is a central interest of the Secretary's – maintaining our prospects for *long-term* growth.
- As I see it, the challenge – *and opportunity* – has three parts, and they're all interrelated:
 - First, we have to reform our major entitlement programs – *Medicare, Medicaid, and Social Security* – to help fulfill the missions of health and retirement security for all Americans.
 - Second, we need to *eliminate the debt burden for future generations*. The weight of this burden will soon explode – and threaten our ability to do what past generations have done for us: leave our economy and country even stronger than we inherited them.

- Third – and connected to the first two – we have to *win globalization* in this increasingly competitive international marketplace.
- There are two ways in which our broad budget policies – our fiscal policy – play into these goals.
- First, we need a tax code that truly promotes savings, investment, and job creation. That means keeping tax burdens low – and our overall tax policy *consistent*.
- Second, we have to deal with the level of government spending – because it's spending that *drives* our need to tax and borrow.
- And without question, the biggest driver of our spending *problem* is the unsustainable growth of entitlements.
- We know, today, that these programs – as they are currently structured – cannot keep their promises.
- To take just one example: The Medicare Program has an unfunded liability – *an unsupported promise* – of \$34 trillion. That translates into an obligation of more than \$300,000 for every household in the country. That's about twice the average price *of a home* in my district.
- Yet this is the cost of *just this one program*. It doesn't count everything else we expect from government.
- In short, in a global economy, and with the collision of demographics that has already begun – failing to reform our largest entitlements will lead to even greater loss than these critical programs. *Because on their current path, they are not only growing themselves into extinction* – but at the same time, overwhelming the budget, and threatening to cripple our economy.

- Last week, Congress received the President's budget, which included several proposals for addressing the entitlement crisis. And while it didn't 'fix' the problem in one fell swoop, it at least took the initiative to put some solid, specific proposals on the table for discussion.

- Secretary Paulson – in your capacity as Treasury Secretary, you also serve as Chairman of the Board and Managing Trustee of the Social Security and Medicare Trust Funds. So again, I have great interest in your testimony on the critical issue of entitlement reform. Because our actions on this issue today – or lack thereof – will have an impact on our nation's economy for generations to come.