

Ryan Prepared Opening Statement  
The State of the Economy  
May 21, 2009

- *Thank Chairman Spratt, welcome back Elmendorf.*
- No question – *all* of us want to see the economy turn around. And all of us hope that turnaround may, in fact, be on the horizon.
- But the economic and fiscal challenges we face are too complex, and too great, to simply *hope* we get it right. We've got to question the effectiveness of what we're doing to address today's challenges. And we've got to consider where this path we're speeding down will eventually lead.
- I have great concern that the Administration and this Congress have exploited the current economic crisis – and the fear and diverted attention of the American people – to justify rushing through a sweeping – and possibly *irreversible* – expansion of the Federal Government.
- Let me list some of what we've seen since just the beginning of this year:
- On TARP – which was signed into law last year, and provided \$700 billion in *emergency* funding intended to thaw credit markets. We've seen this program's scope expanded beyond stabilizing the financial sector to auto industry restructuring, auto supplier support, mortgage loan modifications, and insurance industry assistance. Worse, we've seen Washington use this program to pick economic winners and losers.
- On monetary policy – the Federal Reserve has maintained its low-interest rate strategy, and greatly expanded its balance sheet, with the intent of easing financial conditions and bolstering economic performance.

- But at some point the Fed will have to change course – and take back this considerable monetary stimulus in order to prevent a nasty bout of inflation in the coming years. Getting the timing and magnitude of the adjustment right – while avoiding political pressure to keep policy loose – will be critical, and frankly I’m skeptical the Fed can pull it off.
- We had the trillion-dollar “stimulus” – which *may* get us a temporary boost, but is *certain* to result in a debt and tax burden that will hinder *sustained* economic growth.
- Then there’s the President’s budget, which this Congress has adopted. We’ve spent a good deal of time debating it, so I’ll just briefly review my key concerns.
- The budget calls for record levels of spending; swells this year’s deficit to \$1.8 trillion – *more than triple the previous record; doubles* the national debt over the next 5 years – and nearly *triples* it over the next decade.
- It also puts us on a path of government-controlled health care, and paves the way for a cap-and-trade energy tax on nearly every American – businesses, families, individuals – *everyone*.
- It even adds almost a trillion-and-a-half dollars to *entitlement* spending – worsening our *most* severe fiscal problem.
- The budget also calls for \$1.5 trillion in tax hikes in the midst of the worst recession in generations.
- Clearly, this is a challenging time that demands solutions. But I honestly fear the path we’re speeding down will only make a bad situation much worse.
- At every juncture, Republicans have offered alternatives that promote the kind of solid, sustained growth we need to keep America great for generations to come. We will certainly continue in this effort.