

Thank you, Mr. Chairman. I want to join the Chairman in welcoming you, Dr. Elmendorf, and your two daughters; it's great to have members of the family here today. And I want to reference the report that was issued by CBO yesterday, because while it shows that the economy remains very fragile, it also shows that it is slowly recovering. It demonstrates that we still have much work to do to create jobs, tackle the deficit, and return the budget to a long-term fiscally sustainable path. But for a moment, let's focus on the positive signs of the budding economic recovery and remember where we were just three years ago.

The day that President Bush left office, the day that President Obama was sworn in, the economy was collapsing at an even faster rate than originally thought. The gross domestic product was plummeting at a rate of 8.9 percent, in other words negative 8.9 percent GDP, and we were shedding more than 840,000 jobs a month. So in the month the President was sworn in, 840,000 jobs were lost. As shown in previous CBO reports and findings, the passage of the Recovery Act – coupled with actions to save the auto industry and efforts by the Federal Reserve – helped end the free fall and began the climb upward toward economic growth.

Now, we've all heard the expression that we're entitled to our own opinions, but not to our own facts. The fact is that the CBO said that the Recovery Act helped save or create up to 3 million jobs in the year 2010. It also lowered the unemployment rate by up to 1.8 percentage points in calendar year 2010, and lowered unemployment by up to 1.4 percentage points in 2011, compared to what it would have done if the congress had not taken action. The private sector has now added jobs in every month since March 2010, adding 3.2 million jobs in total. More jobs were created last year than in any year since 2005. It is clear that we were on a huge downhill cascade and that after the President was sworn in, and we began to reduce the downward momentum and turn the corner. We have been steadily heading up, reducing first the rate of job loss, which you obviously have to do when you're losing GDP at an 8.9 percent rate, and now heading into positive job territory.

So, the facts as reported by the CBO are clear that the Recovery Act did serve its purpose. It's kind of like when you're walking up an escalator that's going down very quickly. If you take no action, you will go down very fast. Even if you take action, it will appear at first that you're running in place and then slowly you'll be moving up. That's what we're doing.

The CBO report, of course, also shows that the economy remains fragile and that we still face serious budget obstacles. While the economy continues to grow at the current rate, it will take too long for unemployment to return to the pre-crisis levels. That is why our first priority has to be making sure we do what we can to help small business and businesses help put people back to work. We should take immediate action in this House on the jobs plan the President submitted to the Congress last September, including his significant infrastructure investments to help rebuild our infrastructure around the country.

We should also finish the job with respect to extending the payroll tax cut for 160 million Americans and making sure that unemployment insurance is there for people who have lost work through no fault of their own. And, Mr Chairman, I'm going to apologize to both you and Dr. Elmendorf, because after this statement I'm going to have to go to the conference committee on that issue and I hope that conference committee will move forward quickly and without delay to get that job done.

Finally, the Congressional Budget Office's report underscores the need to address the looming deficit in a balanced, reasoned way. The Budget Control Act that this body passed last year and the President signed saves about \$1 trillion from cuts in the discretionary budget over the next decade. It will also result in an additional \$1 trillion dollars in deficit reductions starting in January 2013. There are better ways to make those additional cuts; I hope this Congress will come together and do it in a way that makes sense. But I think as we listen to the testimony from Dr. Elmendorf, it will be clear that the bipartisan commissions that have looked at this challenge – both Simpson-Bowles and Rivlin-Domenici – were right that you really need to tackle this in a balanced way.

Under current law, if we packed our bags -- and didn't come back until next year, it would reduce the deficit significantly. And we would lose significant revenue if we keep in place all the current tax policies, and so clearly that is a factor. Now, I don't think anyone is suggesting that we want to put in policies that would capture all that revenue; I'm not suggesting that. But it is important to understand how big an impact those projected revenues have on CBO's deficit estimates.

If you extend all the 2001, 2003 tax cuts and index AMT, that adds \$4.5 trillion to the deficit. And if you continue other tax extenders, it adds \$839 billion. If you add the debt service on that, you get to over \$6.3 trillion dollars added to the deficit. Now, if you look at the CBO baseline deficits, cumulative over ten years, they're just over \$3 trillion. So the cost of continuing all those policies on the revenue side leads to a doubling of the deficit over the next ten years. So I want to make it clear, I am not proposing that we change all the current policies, but I think this does give us a very clear indication of the order of magnitude. I'll give a very clear example. If you returned the tax rates for the folks at the very top to where they were during the Clinton administration, a period of great economic growth, we could reduce our deficit by about \$1 trillion.

This report underscores what the bipartisan groups have said – you need to take a balanced approach. Yes, we need to make some cuts, we need to make some reforms, but we also need to deal with the other side of the equation as well. I think we need to tackle this by also closing loopholes and enacting sensible tax reform.

Thank you, Mr. Chairman, and I apologize for having to leave.