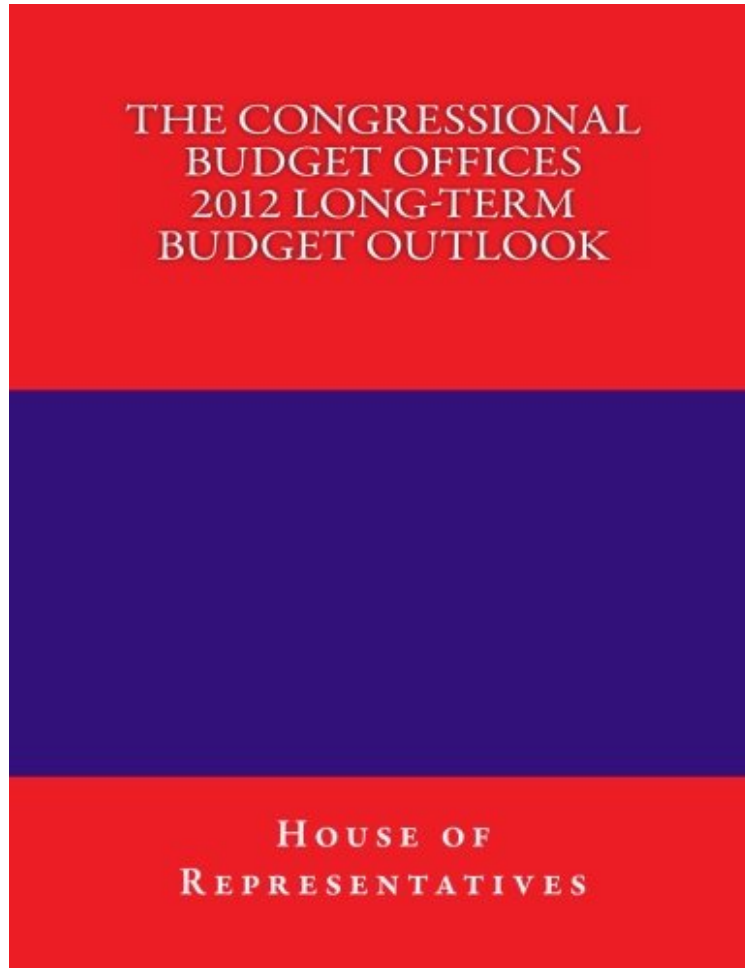


The Congressional Budget Offices 2012 Long-Term Budget Outlook

House of Representatives
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The Committee met, pursuant to call, at 10:00 a.m., in room 210, Cannon House Office Building, Hon. Paul Ryan, [Chairman of the Committee] presiding. Present: Representatives Ryan, Cole, Price, McClintock, Stutzman, Lankford, Black, Flores, Mulvaney, Huelskamp, Young, Van Hollen, Doggett, Blumenauer, McCollum, Castor, Bonamici. Chairman RYAN. The hearing will come to order. The committee will come to order. Welcome everybody to the Budget Committee. The purpose of this hearing is to review the Long-Term Budget Outlook, which CBO just recently released, and unpack the fiscal and economic damage in challenges facing our nation. We are joined today by, no

stranger to this committee, Doug Elmendorf, director of the Congressional Budget Office. I want to thank you again for testifying today, Doug, and for the work your team has done in putting together this report. The report is sobering and the warnings are dire. You write in the report, quote, "Growing debt would increase the probability of a sudden fiscal crisis, during which investors would lose confidence in the government's ability to manage its budget, and the government would thereby lose its ability to borrow at affordable rates," close quote. What is causing this growing debt? Government spending is on a breakneck pace. By 2025, according to this report, health spending, including Medicare and Medicaid, Social Security and interest on the debt will consume 100 percent of revenues, tax revenues that continue to increase each and every year. The problem, of course, is unsustainable increases in government spending. Our entitlement programs, in particular government spending on health care are the core drivers of the debt. As your report makes clear, the health care law fails to address the cost problem, and instead adds new liabilities to an already bankrupt future. Those unwilling to structurally reform a structurally broken government repeat the same calls for ever higher taxes to chase ever higher spending. On the question of taking more from hardworking taxpayers, CBO's report is clear, writing that that, quote, "The extent that additional tax revenues were generated by boosting marginal tax rates, those higher rates would discourage people from working and saving, further reducing output in income," close quote. CBO, like all non-partisan experts, has again warned of delay in solving our fiscal problems. Unfortunately, the administration has no definitive solution to the problem we face, but merely obstruction for those who do put forth good faith solutions. The Senate, of course, has not passed a budget in more than three years. House Republicans refuse to accept the European-style debt crisis which promises harsh austerity. We reject the empty promises and continued inaction in the face of a crisis. Cranking up tax rates that further stifle growth and harsh disruptions to beneficiaries is what Europe is doing right now. This does not have to be our fate. This is why we continue to advance gradual, common sense reforms to lift the debt, strengthen core priorities, and spur job growth. We still have a window of opportunity that will require us to come together to solve this problem. CBO has presented us with their analysis, but it is incumbent upon policymakers to respond to their findings with principled solutions. It is our moral responsibility to work together to chart a sustainable fiscal path, to revitalize economic growth and to expand opportunity now and for generations to come. I want to thank you for coming again today Doug, we look forward to your testimony, and lots of questions for the members, and with that, I will yield to the Ranking Member, Mr. Van Hollen. [The prepared statement of Paul Ryan follows:]