CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE
CONGRESSMAN KEVIN BRADY
RANKING REPUBLICAN HOUSE MEMBER

NEWS RELEASE

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STATEMENT OF CONGRESSMAN KEVIN BRADY

Impact of the American Recovery & Reinvestment Act on Economic Growth

I am pleased to join in welcoming Dr. Landefeld and the other witnesses before the Committee this morning.

In its preliminary report released today, the Bureau of Economic Analysis estimates America's real gross domestic product grew at an annualized rate of 3.5 percent during the third quarter of 2009. This is good economic news after three quarters of contraction and is directly attributable to the unprecedented $1.3 trillion injection of liquidity by the Federal Reserve Board into the U.S. economy.

While some may promote the stimulus as the savior of the economy, it is a claim only the Balloon Boy's dad would make. Since the *American Recovery and Reinvestment Act* was signed into law, 2.7 million payroll jobs have been lost, the unemployment rate is far above White House promises, and 49 of 50 states have fewer jobs.

The size of the much-touted stimulus is minor when compared to the massive injection by the Fed. And last week's honest admission by the chairwoman of the President's Council of Economic Advisors that the stimulus will "likely be contributing little to further economic growth" by mid-2010 only confirms the critics were right: the stimulus is too slow, too wasteful and too unfocused on jobs.

Even with today's positive news this is no time to be conducting an end zone dance. Some economists may say the recession is over, but most American families disagree. A jobless recovery is no recovery. In fact, we may well be facing a "job-loss" recovery as U.C.L.A. economist Lee Ohanian recently warned.

To keep it in perspective, we all hope today's report signals that the economy has hit bottom but there is the real possibility we could bounce along the bottom for some time. Looking forward, a sustainable recovery will only occur if the private sector, not the government, is the driver of economic growth.

Unfortunately, each day we hear reports of more and more American businesses who are delaying key investment decisions – and the jobs that come with them – due to uncertainty over Washington's actions on health care, cap and trade, burdensome new regulations, and proposed higher taxes on income, energy, and investment. Concerns are rife over the growing debt and the excessive influence of labor unions on the decisions and policies of this White House and Congress.

Amid this impulsive, government-centric environment, many CEO's and small business owners will hesitate to risk major sums of precious capital on projects whose returns could be limited or nullified altogether by the unpredictable political winds blowing through Washington on any given day.

If we want a sustained economic recovery, it's time to let the market work.

In addition to restoring the primacy of the free market here at home, a sizeable and proven opportunity for economic recovery lies in selling American goods and services overseas. I would encourage the Obama Administration and Congress to stop ignoring the one-fifth of the American workforce whose jobs are tied directly to trade. Instead, I urge Democrats and Republicans alike to become strong advocates for opening new markets abroad and giving American companies and workers a chance to compete and win on a level playing field throughout the world. A good start is with the potential new customers in Colombia, Panama, and South Korea.

America is falling behind in the international marketplace. It is costing us sales, and it is costing us jobs.

As I conclude, let me tell Dr. Landefeld that I appreciate the Bureau's efforts to produce accurate, reliable and timely economic data that are more reflective of today's economy.

In many respects, our statistical measures were developed for an earlier industrial economy, but private service-producing industries account today for more than 68 percent of our GDP.

I am encouraged by your efforts, so far, to improve the measurement of research and development spending and integrate the R&D satellite account into the calculation of GDP by 2013. I am interested in your efforts to improve the measurement of other types of intangible expenditures, such as the development of new business models, the creation of artistic or literary originals, and the design of new products and services. Investments in these non-technical innovations can also generate enormous income and wealth.

Turning to international statistics, I would also like to hear what your Bureau, the Census Bureau, and the Bureau of Labor Statistics are doing to improve the measurement of trade in services.

Dr. Landefeld, I look forward to hearing your testimony.

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