



CONGRESS OF THE UNITED STATES

*JOINT ECONOMIC COMMITTEE*

CONGRESSMAN KEVIN BRADY

RANKING REPUBLICAN HOUSE MEMBER



NEWS RELEASE

For Immediate Release  
February 23, 2010

Press Release #111-28  
Contact: Robert O'Quinn  
(202) 226-4065

**STATEMENT OF  
CONGRESSMAN KEVIN BRADY**

**Return to Prosperity:  
Creating the Strongest Economy  
of the 21st Century**

I am pleased to join in welcoming our distinguished presenters – Nobel laureate Dr. Edward C. Prescott, Dr. Allan H. Meltzer, the Honorable Dr. James C. Miller III, and Mr. Stephen J. Entin – to this conference.

The United States confronts grave economic challenges. At the beginning of 2009, many Americans were hopeful that President Obama's economic policies would create a vigorous non-inflationary expansion with strong business investment and brisk job creation. These hopes have not been fulfilled.

The U.S. economy is beginning to recover from the deepest and longest recession since World War II. Washington's major contribution to this incipient recovery was the Federal Reserve's adrenaline shot of \$1.3 trillion of liquidity in the fall of 2008. So far, real GDP growth has been slower than what most economists would expect after such a severe downturn. Indeed, most economic forecasts predict that the real GDP growth will be modest, and thus job creation will be anemic over two years. Consequently, the unemployment rate is likely to remain very high through 2012.

Instead of facilitating economic growth, many of President Obama's policy initiatives such as health care, card check, and "cap and trade" legislation as well as the prospect of higher taxes on income, capital gains, and dividends beginning next year have increased uncertainty and deterred job-creating business investment.

Moreover, the federal government is on an unsustainable fiscal course. In fiscal year 2010, the federal government is projected to have a budget deficit in excess of 10 percent of GDP. Even worse, the explosive growth in Social Security and Medicare outlays as the Baby Boomers retire means that the federal government may never again have a budget surplus. Unless Congress makes fundamental policy changes, the United States risks a jarring debt crisis.

The Republican Members of the Joint Economic Committee have convened this conference to bring together some of our country's best economic minds. We hope this conference will help policymakers to develop workable solutions to the economic challenges that the United States now faces. Today, our presenters will explore macroeconomic policy issues. We hope to hold future conferences to explore other policy issues such as energy, health care, and international trade and investment with leading economists.

There are a number of questions that I hope today's presenters will explore in their presentations and the discussions to follow.

- Based on our current fiscal course, is the United States likely to experience a debt crisis? What would the economic consequences of a debt crisis be? What measures should policymakers take to avoid a debt crisis?
- What are the best macroeconomic policies to foster innovation and technological advancement?

- Did the Federal Reserve contribute to the housing bubble by keeping interest rates too low for too long? How should the Federal Reserve withdraw the liquidity it injected into the financial system to avoid future price inflation? How should the Federal Reserve incorporate asset prices into its future decision-making about monetary policy?
- What is the optimal size of federal spending as a percent of GDP to promote economic growth, higher family income, and rising living standards?
- Based on empirical research, what constitutional and legal changes would have a significant positive effect on controlling federal spending, budget deficits, and the accumulation of federal debt? What constitutional and legal changes would be ineffective?
- How should policymakers reform Social Security, Medicare, and Medicaid to make these programs fiscally sustainable and simultaneously to maximize long-term economic growth?
- What are the elements of the current federal tax system that are the biggest impediments to economic growth?
- What elements of our tax system adversely affect U.S. exports and deter investment in the United States by multinational firms?
- What tax cuts have the largest growth benefits? What tax cuts have the least?
- How should we fundamentally reform the federal tax system to maximize economic growth?

I look forward to hearing your presentations.

###