

Opening Statement of Senator Jerry Moran (R-Kansas)

Committee on Banking, Housing, and Urban Affairs

July 14, 2011

Mr. Chairman, I thank you for calling this hearing today and I thank Chairman Bernanke for joining us to have an important discussion about the state of our economy.

Mr. Chairman – as you well know, our country is facing a financial crisis. But in my view, the financial collapse around the corner is the most expected economic crisis in our lifetime, yet nothing is being done to stop it. The co-chairs of the President’s own Fiscal Commission agree and have warned that if we fail to take swift and serious action, the U.S. faces “the most predictable economic crisis in its history.” They predict such an event could occur in two years or less.

The President’s solution is to raise revenues to balance the budget, but does anyone really believe that increased taxes will be used to pay down the debt or will it just be used for even more spending? History shows that money raised in Washington, DC, results in more spending in Washington, DC. If we increase taxes, we reduce the chance of economic growth and we reduce the chance of more and better paying jobs.

In Kansas, for example, the President proposes we increase taxes on those who own a business plane. Airplanes are a pretty important component of our state’s economy, and this proposal would have a devastating impact upon the Wichita economy, which has already suffered the loss of thousands of jobs under declining business in this country. Now is not the time to penalize a U.S. industry that produces the best quality airplanes in the world. The United States and North America ship a significant amount of business jets worldwide, more than any other region in the world. But because of the recession, nearly every aircraft manufacturer has had to cut jobs, some up to 50 percent of their workforce. We see this in Kansas day in and day out, and yet the proposal is to make it more expensive to own an aircraft. This does not punish the owners of aircraft. It punishes the people who work every day to make an airplane.

To turn our economy around and put people back to work, Congress and the Obama administration should be implementing policies that encourage job creation, not diminish the chances; rein in burdensome government regulations; replace our convoluted Tax Code with one that is fair, simple, and certain; open foreign markets for American manufactured goods and agricultural products; and develop a comprehensive energy policy. Yet none of these things are being done.

The debate over government spending is often seen as a philosophical or academic debate that always goes on in Washington, DC. And I am aware of the heated rhetoric that has been exchanged between both political parties the last few weeks, but the reality is this time it is different, and our failure to act will have dramatic consequences on the daily lives of Americans.

Officials from the Obama administration warn that the failure of Congress to raise the legal debt limit would risk default. But at least an equal economic threat confronts our country: the consequences of allowing our country's pattern of spending and borrowing to continue without a serious plan to reduce that debt. We are not immune from the laws of economics that face every country, and if we fail to get our financial house in order, our creditors will decide we are no longer creditworthy, and we will face the same consequences that other countries are suffering that followed this path.

Our government is not on the verge of a financial meltdown because Republicans will not vote to raise the debt ceiling. We are at the point of financial catastrophe because Republicans and Democrats have spent money we do not have for way too long. We must now seize this opportunity to force elected officials to do something they otherwise would not do: curb spending, balance the budget, and put in place policies that allow business, industry, and agriculture to invest in plants and equipment and create jobs.

If we fail to act responsibly, if we fail to act as we should, if we let this issue pass one more time for somebody else to solve because it is so difficult, we will reduce the opportunities the next generation of Americans have to pursue the American dream. I look forward to having a conversation with Chairman Bernanke about these topics and thank him for his appearance here today.

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