

STATEMENT FOR THE RECORD FROM CONGRESSMAN PAUL RYAN
DECEMBER 3, 2010

The Fiscal Commission has been a success. Due in large part to the leadership of the Co-Chairmen, Erskine Bowles and Alan Simpson, the Commission helped launch a critically important debate facing this country: how to get the Federal government's fiscal house in order and ensure a prosperous future for coming generations of Americans.

The task was extraordinarily difficult in an equally difficult environment. Despite the obstacles, the Co-Chairman successfully advanced a comprehensive and credible plan, demonstrating the magnitude of the government's spending and debt problems. Although I could not support the plan in its entirety, many of its elements surely are worthy of further pursuit. They establish a much-needed foundation and justification for fundamental policy reforms:

- **Social Security Reform:** In one of their most important steps, the Co-Chairs propose to make Social Security sustainably solvent by achieving solvency on a cash basis in the 75th year of their proposal. Other significant strengths of their plan include increasing the progressivity of the benefit formula; indexing the retirement age to increases in longevity; and reducing poverty among the elderly.
- **Discretionary Spending:** The Co-Chairs' propose to establish statutory caps on discretionary spending and thus make an immediate contribution to addressing the government's spending problems. While I support caps on discretionary spending, I do not support a firewall between security and non-security spending at the levels recommended by the Co-Chairs. This would reduce Congress' flexibility to achieve discretionary savings and force deep reductions in defense spending with possible adverse impacts to the Federal government's highest priority.
- **Fundamental Tax Reform:** The Co-Chairs' tax reform recommendations acknowledge that lower tax rates are critical to economic growth and making the U.S. competitive in a global economy. They would result in a more efficient and less distortive tax code with lower rates and a broader base. But the Commission relies too heavily on revenue increases, \$2 trillion over decade, with the tax collections reaching 21 percent of gross domestic product [GDP]. Increasing the government's take from the economy hinders growth, and the lack of comprehensive health care spending reforms and a cap on total spending ensures that these revenues will chase higher spending and not be used for deficit reduction.
- **Health Care Reform:** The primary driver of our fiscal problems is government health care spending and the fundamental weakness in the Co-Chairs' proposal is its failure to structurally reform health care. By relying of the faulty architecture of the President's health care law, the proposal facilitates an explosive growth of health care spending in the years ahead. I am grateful to fellow Commissioner Alice M. Rivlin for her work with me in developing an alternative plan to secure and make sustainable Medicaid and Medicare – and appreciate the Co-Chairs' consideration of the proposal.

I cannot overstate my respect for, and gratitude to, Erskine Bowles and Alan Simpson. They have helped put an end to the era of deficit denial. Those who refuse to confront the looming fiscal crisis have nowhere to hide. I am eager to build on this effort in my work at the House Budget Committee – drawing upon specific ideas put forward in the Commission and drawing upon the inspired leadership of the Co-Chairmen.

Nothing short of the American Idea is at stake. The fierce urgency of the moment requires a continued commitment to tackle the debt threat head on, restoring the promise and prosperity of our exceptional nation.