

Opening Statement

Chairman Michael G. Oxley House Financial Services Committee

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Good morning, Chairman Greenspan. Thank you in advance for your testimony and for the time you will spend with us today.

Mr. Chairman, we all know that the economy has nearly completely recovered. We've had four strong quarters of GDP growth, and the total number of jobs — a little more than 130 million — is back to its peak from the winter of 2000-2001. Productivity remains impressive, and the market is strong with the Dow looking as if it might touch the 11,000 mark again. Job creation remains robust, and the unemployment rate, at 5.2 percent, is at the same level it stood at in 1997 before the unprecedented period in which it briefly went below 4 percent — a rate few imagine we ever will see again.

So, Mr. Chairman, thanks to the twin injections of liquidity — the President's tax cuts and the Fed's lowering of short-term interest rates — our American economy has once again shown itself to be resilient enough to withstand multiple shocks.

Aside from our strong current position, there are continued challenges ahead that we will discuss today. Among them are the trade deficit, the budget deficit, and Social Security.

Mr. Chairman, you are perhaps America's most famous budget hawk. You favor lower taxes as long as they are offset by spending cuts. I'm sure you welcome the President's initiatives outlined in his budget and in the State of the Union speech.

The President has laid out a cost-cutting program, and he has faced the Social Security problem head-on. President Bush knows that the numbers don't lie, and they are clearly on the side of a need to reform the system.

Mr. Chairman, you led the commission that assisted in significant reform of Social Security under President Reagan, and I am certain all Committee members await your views on this matter. We all know the facts — that in less than 15 years the system starts paying more out than it is paying in, and that if we don't do something quickly, the options will be higher taxes, benefit cuts or some blend of the two.

Mr. Chairman, I stand in complete agreement with the President an important part the answer is personal accounts. From its creation, Social Security was never envisioned as the sole answer to an individual's retirement needs, but as a supplement. However, now, two-thirds of its recipients rely on Social Security for

half or more of their retirement income. That isn't good for them, and it isn't good for the country, in my view.

Mr. Chairman, I believe President Franklin Roosevelt, who created the Social Security system, felt the same way. As the Wall Street Journal has pointed out, in a speech to Congress in 1935, FDR anticipated the need to move beyond the pay-as-you-go financing scheme.

Chairman Greenspan, that's two Presidents—the Democrat founder of Social Security and the Republican to whom it falls to save the Social Security system—in agreement on the issue of personal accounts. There will be some heavy lifting to get the system right, of course, and this Committee will be in support. We have an obligation to America and to future generations to address this problem.

So, Mr. Chairman, in the week that baseball reports for spring training, I think we should view this effort as the start of a new season as well — a season in which Congress will step up to the plate with intelligent, long-term reform of Social Security. We seek to extend the ownership society to all Americans, and let's broaden that concept of ownership to retirement.

With that, I thank you again Mr. Chairman, and yield to the gentleman from Massachusetts.

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