

Statement and Questions for Humphrey-Hawkins Hearing
Rep. Randy Neugebauer, Deputy Ranking Member
House Financial Services Committee
February 15, 2007

Chairman Frank, Ranking Member Bachus, thank you for holding this important hearing.

Chairman Bernanke, thank you for appearing before the committee today and for your thoughtful testimony.

Mr. Chairman, over the past several years, smart fiscal policies, including tax relief and spending restraint, have contributed to tremendous economic growth and deficit reduction. In short, our economy is strong.

With 111,000 new jobs created in January, and more than 2.1 million new jobs created over the past 12 months, our workforce continues to grow. Since August 2003, more than 7.4 million jobs have been created – more jobs than all the other major industrialized countries combined. In addition, our economy grew by a solid 3.4 percent last year.

This economic growth has generated increased tax revenues and has dramatically improved the budget outlook. If Congress continues to show restraint in spending, and our economy continues to climb as a result of extended tax cuts, we will eliminate the budget deficit in five years, and reap a surplus in the year 2012.

Despite the successes we have enjoyed, however, more needs to be done. In order to sustain economic growth, entitlement spending must be restrained. It is imperative that we make meaningful reforms to control the rapid growth of these outlays, and I am pleased President Bush's budget proposal includes several reform options for Congress to consider.

It is also important for Congress to promote a stable housing market. As our nation's housing market continues to show tremendous resiliency and strength, we must work to ensure that Government Sponsored Enterprises, such as Fannie Mae and Freddie Mac, are financially and ethically sound.

In addition, we must work to reform our health care system, diversify our energy resources, and promote a more balanced trade position. We must also focus on the fiscal education of America's youth, and work with state and local leaders to implement common sense education priorities that promote a basic understanding of finance.

With these things in mind, I would like to ask you three unrelated questions:

1. The personal savings rate of Americans has recently fallen to a 73-year low. In your estimation, how does this impact our current housing situation?
2. Can you give me an indication of your level of concern about the default rates on home mortgages – especially as it applies to subprime mortgages?
3. In your estimation, has Congress shown adequate concern about the growth of entitlement spending?

Again, thank you for your testimony. I look forward to reading your responses to my questions.