WASHINGTON – Congressman Spencer Bachus (AL-6) highlighted the need for debt reduction during the appearance of Federal Reserve Chairman Ben Bernanke in front of the House Financial Services Committee.

Bachus is the Chairman of the Financial Services Committee. His remarks follow.

“Chairman Bernanke, welcome and thank you for your testimony today.

“Although the National Bureau of Economic Research declared the recession ended in June 2009 -- some 21 months ago -- the economy is still struggling and it continues sending mixed signals. While corporate and household balance sheets have seen improvements since the depths of the recession, the housing market continues to serve as a drag on economic growth and consumer confidence. Bank lending remains subdued in many parts of the country. Just last week, the nation’s Gross Domestic Product was revised downward, which was a surprising development since many economists were expecting the rate to be revised upward. With the recent turmoil in the Middle East, the national average price for a gallon of regular gas spiked to its highest level since October 2008. It increased 20 cents a gallon in just the last week alone. For millions of Americans, times are tough and unsettling, and far too many still cannot find work.

“Indeed, the nation’s unemployment rate has been consistently at or above 9 percent for the longest period since the Great Depression, and Chairman Bernanke has forecast that it will likely remain at elevated levels for several more years to come. Let me say this clearly: Our economy will not be healthy until people who want to work can get a job. Making sure the climate is right for people to get jobs, is our job.

“Excessive government spending and borrowing plays a key role in our economy’s uncertain outlook. It crowds out private sector investment, sows uncertainty for job-creators and erodes the confidence that is necessary for job growth. Because of this spending, today we face record-breaking levels of deficit and debt that are absolutely unsustainable. Yet, under the President’s own budget projections, the federal government would spend 46 trillion dollars over the next 10 years, doubling the national debt by the end of his term and tripling it by the end of the decade. We will not

‘win the future’ if we force our children and grandchildren to inherit a mountain of debt. We must change course.

“Chairman Bernanke, I know that in testimony before the House Budget Committee, you agreed that one of the best things Congress can do to get businesses to start hiring and the economy to start growing is to demonstrate that we have a serious plan that tackles our government’s deep fiscal problems. I commend you for once again urging Congress to tackle the threat of our national debt, which you did yesterday in your comments to our colleagues in the Senate. Members of the Committee would certainly like to get your thoughts on that issue today, Mr. Chairman.

“We’d also like to hear your thoughts on the significant challenges the Federal Reserve faces in guiding monetary policy at a time when the economic outlook is marked by so much uncertainty. While you have expressed confidence in the Fed’s ability to orchestrate a “soft landing” that sops up the excess liquidity in the system without triggering an inflationary spiral, many remain skeptical. With the recent unrest in the Middle East, which just a few months ago no one was foreseeing, oil prices are surging and creating additional headwinds for our economy. Higher commodity prices, the Federal Reserve pouring money into the system, record government borrowing -- all are happening right now -- and all form a trifecta of warning signs about future inflation that can make job-creators even more hesitant to invest.

“In addition to these challenges, Mr. Chairman, America needs to do a much better job of saving, a point that you made in a recent speech to the G-20. The household savings rate in this country has improved somewhat but it is still way too low. If U.S. households save more, they can better weather bumps in the business cycle and depend less on the government for support, while their savings help provide the capital that will fuel American growth and American jobs without borrowing from overseas. We’d be very pleased to hear your thoughts on this and hope that you will work with this Committee as we seek ways to promote higher savings rates and thereby lay the groundwork for economic growth that is sustainable and benefits all Americans.”