

**Transcript of Remarks by Senate Budget Committee Chairman Kent Conrad (D-ND)  
at Hearing on Nomination of Jack Lew to be OMB Director  
September 16, 2010**

Opening Statement:

I want to welcome everyone to the Budget Committee. Today we are considering President Obama's nomination of Jack Lew to be the next Director of the Office of Management and Budget – replacing Dr. Peter Orszag, who stepped down over the summer.

I want to first welcome Jack back to this Committee. He is well-known and well-respected by the members of this Committee. I also want to welcome Jack's family, who are with him today, including his wife, Ruth, and his daughter, Shoshana. We are pleased that they could be here as well. Welcome. We hope Jack will introduce them when he makes his opening statement – I'm sure he will. As everyone knows, in public service we could not do our jobs without the incredible support of our families. And we recognize and very much appreciate the sacrifice that the Lew family has made in the previous assignments Jack has had, including as head of the OMB.

I believe Jack is a superb choice for this position. When I was asked by the White House my reaction, I told them I don't think you could make a better choice than Jack Lew. Not only has he already served in this critical post, and done so with real distinction, but he brings with him a wide range of public and private sector experience, including his current position as Deputy Secretary of State for Management and Resources, which in itself is a challenging posting.

Importantly, Jack knows how to make the tough choices that will be needed to put our country back on a sound fiscal course. When he completed his service at OMB, the country had a surplus of more than \$200 billion.

And Jack knows how to reach across the aisle to find bipartisan agreements. He was instrumental in putting together the 1997 bipartisan deficit reduction package that helped create those surpluses.

And Jack also has the highest integrity. Anyone who has worked closely with him over the years knows that. He has repeatedly proven himself to be an outstanding public servant.

So Jack Lew brings with him exactly the kind of knowledge, experience, bipartisan spirit, and integrity that we need at OMB right now. He is the ideal person to lead this critical agency.

The economic and budget challenges facing the nation are great. In the near-term, we need to strengthen the economic recovery and promote job creation. And at the same time, to address the nation's long-term fiscal crisis, we must begin now to put in place the deficit reduction policies that will kick in after the economy is on stronger footing. That is why the work of the President's bipartisan fiscal commission is so important.

Combining these policies of short-term job creation and long-term deficit reduction is no

easy task. But the fundamental economic security of the country depends on it.

In these challenging times, it is imperative that we have strong leadership at OMB. I hope we can move quickly on this nomination. We cannot afford to leave this position vacant at such a critical time.

It is my hope to schedule a committee vote on this nomination soon, so that the full Senate has time to confirm the nominee before it adjourns for the election.

Before we swear in the witness and hear his testimony, we will turn first to Senator Gregg, the ranking member of this Committee for his opening statement. And I want to thank Senator Gregg for accommodating this change in the schedule, because of votes that are to come in the Senate this morning. And I also want to express my very strong appreciation to Senator Gregg for the support that he has already shown for this nomination.

*Additional Remarks:*

Thanks again Jack. Thanks for your previous service and thank you very much for being willing to step up to the plate once again at a really remarkably challenging time.

First of all, we faced the greatest economic downturn since the Great Depression. I will never forget in 2008 being called to an emergency meeting in the Majority Leader's office, arriving there at about six o'clock in the evening, and there was the head of the Federal Reserve, the Secretary of the Treasury in the previous administration, all the leaders of Congress, Republicans and Democrats, and they were there to tell us they were taking over AIG the next morning. And they told us very clearly they weren't there to ask our approval, they weren't there to seek our approval, they were there to tell us they've made the decision to do it, and they believed that if they did not do it, there would be a financial collapse in days. That is as sobering of news as anyone can receive, and they gave their rationale – the Chairman of the Federal Reserve, the Secretary of the Treasury – why they believed that would occur. And so we confronted a circumstance that if the government had not stepped forward and taken a series of very dramatic actions, we well could have faced another depression.

In fact, we now have economic analysis from two very distinguished economists of differing philosophical backgrounds who tell us, had these actions not been taken, we would currently have an unemployment rate of 16 percent, and we would still be in a very severe economic downturn. While things remain difficult and challenging, unemployment stubbornly high and underemployment too high, nonetheless, we have been brought back from the brink.

We were losing 800,000 jobs a month when President Obama took office. We are now seeing the creation of tens of thousands of jobs a month, although not nearly as much what all of us would hope for. Economic growth was a negative six percent in the first quarter the President was in office. It has now turned positive, although not as strongly positive as I think all of us would hope for.

So that's the circumstance that you inherit. You walk into a situation in which we have been brought back from the brink of what could have been a financial collapse. And by the way, not just here, but globally. And that meant the explosion of debt because the government had to come in to prevent this collapse. That meant dramatically increased expenditures, dramatically reduced revenues as we both cut taxes and spent money in order to prevent a collapse. But all of that is unsustainable. Even before this downturn occurred, we were on a long-term path that was unsustainable. I've warned my colleagues many times that the debt is the threat. I believe that deeply. So while we have had to see an increase in debt in the short-term to avert a collapse we now need to pivot to focus like a laser at bringing down this debt.

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The circumstance we confront is very clear. Revenue is the lowest it has been as a share of our gross domestic product in 60 years. Spending is the highest it has been as a share of our gross domestic product in 60 years. Clearly, we need to reduce spending as a share of the economy; we need to raise revenue. Let me just say, my own belief is before we raise taxes on anyone we ought to collect the taxes that are already due from people who are not now paying what they owe. If we collected what was owed, we wouldn't need any additional revenue by my calculation, if we just collected what is owed. Unfortunately, by my calculation, we're only collecting about 80 percent of what is owed, partly because of the explosion of offshore tax havens, partly as a result of abusive tax shelters that have grown geometrically.

*Closing Remarks:*

It is my intention that we move this nomination as expeditiously as possible. We have a 48-hour notice requirement. I will be visiting with Senator Gregg about when we give that notice, but it is my intention that we will vote on this early next week.

I thank all of the members for their attendance today, for their interest, for their courtesy. I thank Jack Lew for his willingness to serve. We certainly appreciate that, and for his family as well.