

**Statement of Ranking Member
Senator Susan M. Collins**

**Nomination Hearing for Jacob J. Lew
to be Director, Office of Management and Budget
September 16, 2010**

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More than eight million Americans have lost their jobs since the “Great Recession” began in 2008. Unemployment remains unacceptably high – increasing to 9.6 percent just last month. What little job growth we have seen has been disappointingly weak.

The fiscal policies that the Administration and Congress undertake must acknowledge this reality, get the economy moving again, and put Americans back to work.

Key to accomplishing these goals is an extension of the tax relief that is scheduled to expire at the end of this year. If we do not act, Americans will face one of the largest tax increases in U.S. history.

This is no time to raise taxes; indeed, it would be the worst time to increase the tax burden on America’s families and small businesses. As Peter Orszag, President Obama’s former OMB Director, recently pointed out, the failure to extend existing tax relief would “make an already stagnating job market worse.” I hope the President will heed the advice of his former budget director and abandon his plan to raise taxes at this critical time.

This Administration’s policies have failed to stimulate private sector investment, which is the key to creating permanent jobs. In fact, many of the fiscal, economic and budget policies pursued by the Administration have made matters worse. The budget put forward by the President, which I opposed, would double the public debt in five years and triple it in 10.

The President’s new health care law is already causing health insurance premiums to increase for many employers and employees, and the uncertainty over tax policies is hindering job creation.

Everywhere I traveled in Maine last month, whether I was talking to a machine-shop owner, a trucking company operator, a small residential contractor, or other employers, I heard the same refrain: Given the tax and economic policies coming out of Washington, we don't dare create any jobs or take any risks.

Our nation's future prosperity is shackled to an out-of-control federal debt. This year's deficit of \$1.3 trillion – 9.1 percent of Gross Domestic Product – is the second largest shortfall in 65 years. Only last year's deficit, which amounted to 9.9 percent of GDP, was larger.

By the end of the upcoming fiscal year, the CBO estimates that publicly held debt will exceed \$10 trillion – 66 percent of GDP – and will rise to nearly 90 percent of GDP by the end of this decade if current policies are continued.

The cost of entitlement programs continues to escalate and is worsened by the President's health care law, which creates unsustainable new entitlement programs while failing to address spiraling costs. Like a perfect storm, rising entitlement costs soon will collide head-on with the cresting waves of aging Baby Boomers set to leave their jobs. The result will put even more pressure on already strained Social Security and Medicare expenditures.

In other words, I fear we could be seeing merely a preview of what is to come. Without bold, urgent action, we are heading toward a future of financial stagnation, bogged down by costly entitlements, slow job creation, and sluggish economic growth.

This is the stark economic and fiscal environment that will confront the next OMB Director. OMB will continue to be the lead player as the Administration formulates policies to deal with these grim economic realities and unsustainable budgets.

From the OMB Director, we need common-sense analyses of what is working and what is not. We require honest assessments of fiscal realities, untarnished by political calculus. And, we expect the courage to admit mistakes and change course. Otherwise, the Executive branch and Congress cannot make the bold moves needed to do what is right for the American taxpayer.

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If confirmed, Mr. Lew will need to develop a realistic plan that prevents the federal budget from becoming a mammoth anchor, dragging down growth in jobs and personal income.

The last time Mr. Lew served as OMB Director, a Democrat President worked with a Republican Congress to balance the federal budget. I hope this is a case where history repeats itself.

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