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Statement of Carolyn Maloney
Joint Economic Committee Hearing
April 30, 2009

I want to welcome Dr. Christina Romer, the President's Chair of the Council of Economic Advisers, and thank her for her testimony here today. The Council of Economic Advisers and the Joint Economic Committee were both created by the Employment Act of 1946 and share an important history of providing the White House and Congress with analysis of economic conditions and the effectiveness of economic policy.

This hearing today and our hearing next week with Fed Chairman Bernanke on the economic outlook are timely because there is a sense that the economy may be "bottoming out." A few glimmers of hope have surfaced in the economy in recent weeks as consumer confidence jumped last month and credit markets have begun to thaw. But yesterday's report that GDP fell at an annual rate of 6.1 percent in the first quarter and the huge job losses over the past five months are vivid reminders of the hangover from the Bush administration that we still have to shake.

The growth and job loss number underscore the wisdom of the American Recovery and Reinvestment Act (ARRA) that Congress passed and President Obama signed into law in his first 60 days in office. The recovery measures are just starting to work their way into the economy, providing a much needed boost. Americans are feeling more optimistic and are starting to spend more, which leaves me optimistic that we will begin to see the effects of the stimulus next quarter.

Taken together, the American Recovery and Reinvestment Act, the financial stabilization plan, and housing reforms provide the framework for promoting economic progress. In addition, the House and the Senate passed our budget resolution this week. A budget is fundamentally about priorities and I applaud the President for working with Congress to craft a blueprint that builds on our recovery efforts by making investments in health care, renewable energy, and education to put people back to work and strengthen our economy for the future.

Even before job losses began accelerating, many families were increasingly holding balances on their credit cards just to pay for basic household necessities. Because of this increased reliance on credit cards – especially by families of displaced workers – it is even more important that we pass legislation prohibiting unfair practices that are hurting financially strapped cardholders.

The Credit Cardholders' Bill of Rights is on the House floor today and will soon be taken up by the Senate. With the strong support of the White House I believe we can pass this bill and get working Americans some relief from mounting pocketbook pressures.

Nobel laureate Joseph Stiglitz testified before this committee last week and made a compelling case that we underestimate the impact of removing these kinds of predatory practices by only looking at potential reductions in the supply of credit when these practices are prohibited. Instead, we must also consider reductions in the demand for credit because of these practices. Reducing those fees and eliminating those practices will encourage creditworthy consumers to borrow and to buy goods and services, which will help the economy recover from the current downturn.

I have questions that I will submit to your office and I would appreciate your written responses for the hearing record.

Dr. Romer, we thank you for your testimony and I look forward to working with you as the committee continues our focus on fixing the economy, putting people back to work, and helping struggling families.

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