



Statement of Carolyn Maloney
Joint Economic Committee Hearing
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As Prepared for Delivery

“America is on a path toward economic recovery. A large part of the credit for this turnaround is due not only to President Barack Obama but also to Ben Bernanke, the Chairman of the Federal Reserve, a respected scholar on the Great Depression.

Under his guidance, the Fed took creative and effective actions to inject liquidity into our financial system which saved our nation from economic catastrophe.

I am confident that you will continue to steer monetary policy at the Fed carefully through the next set of obstacles balancing the creation of robust economic growth with the prevention of inflation

Our hearing today on the economic outlook is timely for many reasons.

Just this week, the committee of economists responsible for dating the end of recessions announced that the recovery is still too fragile to announce that the recession is over.

But there are indications that we are indeed well on our way to economic recovery:

- After 4 straight quarters of negative growth, the economy grew during the last two quarters of 2009. There is a consensus that when the latest GDP numbers are announced on April 30th, we will see that our economy continued to expand during the first quarter of 2010.
- The most recent employment report showed that 162,000 jobs were created in March, with three-fourths of those new jobs coming from the private sector.
- Manufacturing employment was up for 3 straight months.
- The stock market is at its highest in almost 15 months.
- Temporary help, a leading indicator of the health of the labor market, has added 313,000 jobs since October 2009.
- Sales of cars and light trucks were up in March.
- And many surveys of the economy are optimistic about growth in both the service and manufacturing sectors.

These improvements in our economy are proof that actions taken by Congress, the Fed, and the Administration have started to have an impact.

In the last year, Congress enacted policies that supported struggling families and encouraged job creation. The Recovery Act provided tax relief for 95 percent of American families and created jobs while investing in clean energy technologies, infrastructure, and education.

Last year, we extended the \$8,000 first-time homebuyers credit that will spur construction jobs. We extended a host of safety net programs that will help struggling families weather the economic storm. We extended the net operating loss carry-back provision that will help small businesses hire new employees. And we are boosting funding for small business loans via the Small Business Administration.

We passed the HIRE Act to give tax breaks to businesses that hire unemployed workers.

Without these measures the depth of the contraction would have been much deeper and far longer.

Although the recent estimates of the cost of the bailout of the financial system are much lower than initially expected, the true cost of the financial system failure in terms of lost employment is immeasurable.

Much of the budget deficit over the next 10 years should be attributed to the financial crisis – economists have estimated that the budget deficit has increased by \$3.1 trillion due to the decline in tax revenues from the long line of workers who have lost their jobs.

While we have come far in stabilizing the financial system, we would like to hear your thoughts on various reform proposals that have been introduced in this Congress to make sure that financial institutions don't take on excessive risk and have appropriate capital requirements.

We also look forward to hearing your take on upcoming challenges, including the housing market. One important factor in the housing market's current recovery is the low mortgage interest rates that were sustained by the Fed's purchases of mortgage-backed securities and Fannie and Freddie debt. Now that the Fed has completed those purchases, we would like to hear your assessment of the housing market and the impact of the Fed's exit on mortgage rates.

On another note, I am grateful for your leadership in ushering in new rules to prevent unfair or deceptive practices with respect to credit card accounts and the rules the Fed put into place to curb excessive overdraft fees.

Chairman Bernanke, 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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