CONGRESSWOMAN CAROLYN B. MALONEY

Opening Statement of Representative Carolyn B. Maloney (NY-12)
Vice Chair, Joint Economic Committee
Hearing with Federal Reserve Chairman Jerome Powell
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Thank you, Chairman Powell, for testifying today.

I look forward to hearing your perspective on the current state of the economy and the potential challenges ahead.

I'd also like to thank you for your thoughtfulness as you help steer the economy through what in some ways are challenging times.

As you have said in your testimony, by some measures, our economy is strong.

The national unemployment rate fell from 10 percent at its peak during the Great Recession to only 4.7 percent when President Trump took office.

And it has continued to fall; it now stands at only 3.6 percent.

The economy has continued to add jobs – now for 109 consecutive months – more than nine years.

Inflation remains low, below the Fed's target.

Wages are moving up, though not as fast as we would like.

But other measures tell a different story.

GDP growth has slowed -- falling below 2 percent in the third quarter.

Job growth is also slowing. In fact, it has lagged behind the last years of the Obama administration.

About 35,000 fewer jobs have been added per month during the first 33 months of Trump than the last 33 months of Obama.

Manufacturing is in recession, business investment has been shrinking for the past two quarters and productivity fell last quarter for the first time since 2015.

Some of these more troubling developments may be a sign of a possible end to our decade-long economic expansion.

Or a slow fade from the "sugar high" of the 2017 tax cuts.

But the most likely cause of economic uncertainty is the President's trade war.

This leads to a fundamental question – how should the Federal Reserve act, when one of the major challenges facing our economy is the erratic behavior of our President himself?

No – I won't ask you to answer that question. But it's on everyone's mind.

You have a tough job.

In past months, you have conducted a Federal Reserve listening tour – "Fed Listens."

I want to thank you for taking the time to hear from Americans from all walks of life who experience our economy very differently.

As you know, the economy as a whole can be very strong while entire segments of the U.S. population struggle.

Some regions still have not recovered from the Great Recession.

Not all demographic groups have shared equally in the economic growth of the past decade.
As members of Congress, we need to serve all Americans.

You have shown that this is your concern too.

It used to be that "a rising tide lifts all boats."

But that has become less true, and we know that the tide lifts some boats much more than others.

That's why I have introduced legislation that would give us insight into whom the economy is working for.

My bill, the *Measuring Real Income Growth Act,* would require the Bureau of Economic Analysis to report GDP growth by income decile and the top 1 percent alongside the topline number.

It would tell us who is benefiting from economic growth.

And that takes me back to the fundamental question before Fed policymakers.

How low should unemployment go?

How does the Fed weigh the benefits of very low unemployment vs. the risks of inflation?

We've had 11 straight quarters of an unemployment rate below what CBO tells us is the socalled natural rate of unemployment.

Yet inflation remains comfortably below the Fed target rate.

Which raises the question: has the traditional relationship between unemployment and inflation weakened?

If it has, why?

Is it downward price pressure from around the globe?

Or, increased market concentration in certain industries in the United States eroding worker bargaining power?

Or, are there other factors at play?

And what if unemployment is extremely low – suggesting that we are at full employment, but the unemployment rate for African Americans or Latinos remains much higher?

What if the unemployment rate for people in some communities, or those who work in some occupations, is stubbornly high?

These are questions with wide-ranging implications for both fiscal and monetary policy.

Chairman Powell, I'd like to close my remarks because we have a lot of ground to cover.

But before I finish, let me again express my admiration.

You have a tough job. Thanks for doing it.

I look forward to your testimony.