

Opening Statement
Congresswoman Carolyn Maloney
Joint Economic Committee Hearing
November 3, 2005

Thank you, Chairman Saxton. Senator Reed will not be able to be here because of votes in the Senate, so I request that his opening statement be entered into the record, and I would like to make a few brief remarks.

I want to welcome Chairman Greenspan for his last appearance before the Joint Economic Committee as Fed Chairman. Over the past 18 years, Chairman Greenspan has achieved a remarkable record of success as the country's central banker. He has steadfastly maintained the Fed's credibility for keeping inflation under control while dealing flexibly with a variety of economic challenges.

The 10-year economic expansion of the 1990s was the longest on record. One contributing factor was Chairman Greenspan's strong sense in the middle of that expansion that there was room for monetary policy to accommodate further reductions in the unemployment rate, even though the conventional wisdom at the time said otherwise. Of course, another contributing factor was the Clinton administration's strong commitment to deficit reduction, which created a fiscal policy environment conducive to strong, sustainable, non-inflationary growth.

Unfortunately, that fiscal discipline is now a distant memory, and Chairman Greenspan's successor will face a host of problems managing monetary policy in the face of historically large budget deficits, a record current account deficit, a negative household saving rate, rising inflation, and a labor market recovery that remains tepid in many respects.

I look forward to Chairman Greenspan's testimony. I hope that, in addition to his views on the economic outlook, he will share with us some reflections on what made his tenure at the Fed so successful and what are the key lessons he would want to pass on to his successor.

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