"The Economic Outlook with
Federal Reserve Chairman Ben Bernanke"
Joint Economic Committee Hearing
Thursday, June 7, 2012

I look forward to Chairman Bernanke's report on the state of the economy and his perspective on additional actions that the Federal Reserve may take to strengthen the economic recovery.

With the May jobs report released on Friday – it is clear that Washington needs to continue our focus on creating jobs. Today's hearing is especially timely.

There are a number of bipartisan actions Congress can take right now to create jobs and strengthen the recovery.

First, we need to get the Surface Transportation Reauthorization out of conference and signed into law.

Our transportation infrastructure is central to national competitiveness and the bipartisan bill that passed the Senate, with 74 votes, would create almost three million new jobs by accelerating infrastructure projects.

Second, we should do more to support small businesses. By targeting tax incentives to those firms that expand their payrolls, we can help to strengthen the recovery.

The Small Business Jobs and Tax Relief Act would provide a tax credit of 10 percent for any increases to the payroll tax base — hiring new workers, increasing hours, or raising wages of existing employees up to the $110,100 cap for the payroll tax. The proposed credit is capped at $500,000 per firm in order to target the tax credit to small businesses.

Third, the Senate this week has taken up the Farm Bill, responsible legislation that cuts the deficit by $23 billion, helps farmers to manage risks relating to rapidly fluctuating prices for their crops, and provides critical support to rural America.

We have fiscal challenges to tackle in a bipartisan manner. Without congressional action, the automatic spending cuts contained in the Budget Control Act of 2011 along with the expiration of several tax cuts will present a significant economic headwind in 2013.

The non-partisan Congressional Budget Office recently estimated that real GDP growth will slow to 0.5 percent in 2013 unless Washington acts.

Chairman Bernanke has expressed concerns regarding the risk the fiscal cliff presents to the recovery. I share that concern. But let's be clear there are right ways and wrong ways to balance the budget. We have to be smart about the cuts we make so we can keep growing the economy and create jobs rather than make a bad situation even worse. That means, we should not increase taxes on middle class families.

We can't put America on the road to full recovery unless we all agree on tackling the huge budget deficit and debt America faces. We need to continue to cut spending. And certainly, you cannot reduce the deficit by spending tens of billions on tax cuts for the very wealthiest.

Additionally, just as when Chairman Bernanke was before this Committee in October, I would like to address currency

manipulation, especially on the part of China, because it has such a harmful impact on the U.S. economy and American jobs.

We recently learned that China allowed its currency to weaken more in May than in any other month since 2005.

Chairman Bernanke has testified previously that allowing the yuan to appreciate would be good for both the U.S. and Chinese economies. The Chinese Government manipulates their currency so that their goods sell for less than they should. Some people may think it's some far off theoretical issue but when China cheats, Pennsylvania and the rest of the country loses lots of jobs.

I urge my colleagues in the House to pass legislation, such as the Currency Exchange Rate Oversight Reform Act already passed by the Senate, to crack down on countries that manipulate their currencies to promote their own exports.

To sum up briefly: our economy, while in much better shape than it was three years ago, is still recovering from the Great Recession. With unemployment above 8 percent, the labor market still needs to heal. Europe continues to wrestle with debt issues, which impact U.S. financial markets and the global economy.

Against this backdrop, it is clear that we need to stay focused on promoting a stronger economic recovery.

Chairman Bernanke, thank you for your testimony.

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