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# Congressman Spencer Bachus, Ranking Member, House Financial Services Committee Opening Statement at the Hearing on "The State of the Economy, the State of the Labor Market, and the Conduct of Monetary Policy"

February 15, 2007

Mr. Chairman, thank you for holding this hearing, and Chairman Bernanke, thank you for your report.

We are always interested in your insights regarding not only monetary policy, but also the state of the economy and world trade as mentioned by Chairman Frank in general. Of course, how one perceives the state of the economy greatly depends on one's point of view. From my perspective, the economy appears strong and vibrant, and absent some unforeseen shock, likely to remain so. When I look at your report and the supporting economic data, I see vigorous 3.4 % growth, low unemployment of 4.6% and inflation of 2.5% in a society where opportunity awaits those who want to use their talents and efforts to improve the standard of living for their families. I see 7.5 million new jobs created since 2003. I see a structurally sound economy performing as well as it did in the 1990's in what we now know was an artificial economic bubble.

Currently, I see strong 2.2% productivity increases and record stock market levels not fueled by unrealistic dot-com speculation, but by globally competitive businesses. I also see most Americans benefiting from this stock market growth through individual stock ownership or retirement funds. In this environment, claiming that record corporate profits do not benefit most Americans is no longer a valid argument.

Others have a different perspective and therefore see another reality. Some on this committee believe the best way to create jobs and promote economic growth is through aggressive trade restrictions and barriers. While I recognize the need to help those economically dislocated or "hurt" as the Chairman said by global forces beyond their control, economic experience does not lead me to the conclusion that protectionism is an appropriate response. Some think we need to somehow mandate the elimination of income disparities. While I share the exasperation over some of the outrageous CEO compensation recently reported, I believe our corporate governance system works and that investors, shareholders, and transparency will correct these abuses without government interference. I believe education, not government attempts to redistribute income, is the route to improved wages for all our workers.

Chairman Bernanke, the Members of this Committee—Republican and Democrat alike—respect your experience, judgment, and obvious commitment to keeping America's economy strong and competitive. We appreciate your being here and look forward to hearing your comments.

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