

Opening Statement
Chairman Michael G. Oxley
House Financial Services Committee

During the Hearing on Federal Reserve Monetary Policy
July 21, 2004

Good morning, Mr. Chairman. We welcome you once again to the Financial Services Committee. Thank you for taking the time to discuss monetary policy and the economy, topics of interest to every Member of this Committee and to all Americans.

Chairman Greenspan, I want to congratulate you on your re-appointment, and re-confirmation. I know I speak for most Americans and members of this Committee when I say we are happy to have your steady hand on the monetary policy tiller. I know that you'd probably like to spend a little more time on your golf game, but we appreciate your dedication and service to the Federal Reserve.

Mr. Chairman, when the up-tick in energy prices this spring brought with it a spike in inflation, many imagined that your well-advertised first tightening of monetary policy would be more aggressive than the quarter-point move the Open Market Committee made at the end of June. All spring, you said that the tightening would be as swift and strong as necessary, and the second half of your statement was that the tightening would be gradual. As usual, you were correct on both counts.

More important, Mr. Chairman, is an issue you raised at your last appearance before this Committee, and that is how we prepare our workers for the jobs of the 21st Century. You made the point that the best way to push up wages over time was to make sure that our workers are educated and ready to fill the new, higher-skill jobs this vibrant economy creates, as lower-skill, lower-wage jobs cycle offshore. I know that continues to be a strong interest for you, and rightly so.

Creating jobs is a goal we all share, Chairman Greenspan. We all would like to see lower unemployment than the current 5.6 percent rate and know that lower unemployment also means higher wages. The economy has averaged creating 250,000 jobs a month for this year, and I think the new-jobs figure for June of 112,000 was an aberration. I think job creation will pick up and that the average employment level for this year will be at, or higher, than the

average for 2000, of 131.8 million. It's already at 131.4 million, even with that June low.

Mr. Chairman, we look forward to your testimony and to the discussion today. With that, I yield to the distinguished ranking member, the gentleman from Massachusetts.