



HOUSE COMMITTEE ON THE BUDGET

Chairman John Yarmuth

Thank you, Chair Powell, for being here. It has been seven years since a chair of the Federal Reserve has testified before the House Budget Committee. In 2012, our economy was in a very different condition than it is now. The Great Recession was still casting a heavy shadow over our country, and families and businesses were still picking up the pieces. While the impact of the Great Recession is still reverberating in communities and households across the country, our economy has come a long way: today, we are enjoying our nation's longest uninterrupted period of economic expansion, 124 consecutive months, and unemployment remains near historic lows.

But, at the same time, American workers are not reaping the full benefits of these gains. Wage growth has failed to match expectations for this rate of low unemployment, and income inequality is at its highest level in more than five decades. This is hurting our families, limiting our economic potential, and damaging our nation's budget outlook.

American manufacturers, farmers, and workers are suffering even more under President Trump's trade war,

and our country is now dealing with the consequences of the Republican tax cuts, which blew a \$1.9 trillion hole in our budget, while doing next to nothing for working families or our long-term economic growth.

Rather than providing more tax cuts to the wealthy few and increasing barriers to economic opportunity, we need policies that will help working Americans succeed and improve the nation's fiscal health.

In short, Congress needs to be making critical and strategic long-term investments in our nation's future. From implementing progressive revenue policies that ensure the wealthy pay their fair share, to bolstering education and training programs, to combatting climate change and strengthening resilience efforts, to fighting rising inequality and reforming our broken immigration system, Congress can – and must – lay the groundwork for inclusive economic growth that will support working families for generations to come.

The Federal Reserve has an important role to play as well. In today's unprecedented low-inflation environment, the Fed may be able to keep unemployment lower for longer, with little economic risk. Sustained strong labor markets are critical for reducing income inequality, narrowing racial

employment and earnings gaps, and ensuring workers receive the competitive wages they deserve. By affirming its commitment to full employment, the Fed can support American workers, prolonging the economic expansion we've enjoyed while helping to rebuild the middle class and fully repair the damage of the Great Recession.

I would like to thank Chair Powell for his participation today. I look forward to hearing your testimony on the state of our economy and discussing what opportunities Congress and the Fed have to support our workers and foster a healthy and sustainable economy that works for all Americans.