

Opening Statement
Chairman Michael G. Oxley
House Financial Services Committee

Semi-annual Monetary Policy Report and Testimony of Ben Bernanke
Chairman of the Federal Reserve Board of Governors

February 15, 2006

Chairman Bernanke, welcome to the House Financial Services Committee, and on behalf of the entire Committee; congratulations on your confirmation as the 14th Chairman of the Federal Reserve Board.

We look forward to getting to know you and gaining a better understanding of how you intend to run the Federal Reserve. Even though this is your first appearance before this Committee we are well familiar with the Fed, your staff, and the work of the Fed in setting monetary policy and supervising banks and financial holding companies. Based on my brief conversation with you and your amazingly smooth confirmation hearings, I am confident that you will be as successful as your predecessor.

I know this setting and this testimony can be intimidating. I hope it puts you at ease to know that you will have numerous opportunities to testify before this Committee and Congress.

This morning the press and the markets will focus on your every word and gesture. This Committee will take a long-term view and I hope focus more on public policy; not the fleeting gyrations of the markets.

Your predecessor, and over time the Members of this Committee, have come to view this hearing as an ongoing dialogue between an independent Fed and the elected representatives of the American public. These hearings have become the highlight of our year. I hope they will become the highlight of yours and that like Chairman Greenspan; you will use them as an opportunity to hear a wide range of views and take the temperature of more parts of the country than you can visit in a year.

You are addressing us at a time when there is universal agreement that monetary policy is where it should be and that the economy is thriving. We can report that U.S. economic growth is steady and strong. In fact, we are beginning the fifth full year of the current expansion. While we face some uncertainty abroad – and we can be assured of the likelihood that there will always be uncertainty abroad – our national economic performance is the envy of the world.

Americans are well aware of the economy's steady growth, low inflation, and productivity gains. Consumer confidence numbers are optimistic and the economic predictions show annual growth in the three-to four-percent range for the short and intermediate term.

Alan Greenspan has handed you the wheel of monetary policy at a time of unparalleled growth and prosperity in America. While Federal law requires that the Federal Reserve conduct monetary policy in a way that ensures maximum employment, stable prices, and moderate long-term interest rates, we know that monetary policy is only one tool to achieve this goal.

Another equally important tool is fiscal policy, as set by Congress in the annual budget, and tax policy. As you contemplate the start of your tenure as Chairman of the Fed, I pledge to you, to use my influence and the influence of this Committee, not only to support you in your work, but also to see to it that Congress conducts fiscal policy with the same acumen as the Fed has shown in monetary policy. I am confident that we can maintain the excellent track record of the U.S. economy if we work together and understand each other's goals.

We will face challenges together in the future. Some will be self inflicted and some will be inflicted upon us. Let us use this relatively quiet time to begin our dialogue, fine tune the monetary and fiscal policy, and pledge to work together.

Mr. Chairman, I look forward to beginning our dialogue and as one of the more famous Humphrey Bogart movie lines goes, "I think this is the beginning of a beautiful friendship!"

#