

Johnson Statement on Semi-Annual Monetary Report to the Congress

WASHINGTON – Today, Senate Banking Committee Chairman Tim Johnson (D-SD) held a hearing on the Federal Reserve’s semi-annual monetary policy report to the Congress. The committee heard testimony from Federal Reserve Chairman Ben Bernanke.

Below is Chairman Johnson’s statement as prepared for delivery:

“We are pleased to welcome Chairman Bernanke, who today will deliver the Federal Reserve’s semi-annual monetary report to the Congress.

“His testimony comes at an important moment. While our economy is recovering from the disaster created by the financial crisis, the recovery is far from complete.

“Employment is unacceptably low. The civilian unemployment rate remains at 9.2 percent.

“The high levels of unemployment are matched by output that is significantly lower than it ought to be. CBO estimates of potential GDP show that the economy is 5.6 percent below what it could be producing.

“And of course the housing market – which is an important source of wealth for many families in our economy – has yet to recover from the collapse of the house price bubble. Although prices are down significantly from 2006 peak level, inventories of vacant houses remain high, and residential investment is below pre-bubble levels.

“In addition to these domestic economic problems, there are concerns about how the European sovereign debt crisis will develop, and what effect it may have on our financial markets and institutions.

“Determining the best policy responses to such a complicated set of economic circumstances is no easy matter. But one thing is certain. We need to put the financial market safeguards of the Dodd Frank Act into place as soon as reasonably possible. We must prevent a repetition of the events of 2007 and 2008.

“Chairman Bernanke, I look forward to your insight on these issues, and to discussing the policy course the Federal Reserve is taking.”