

Opening Statement of Alan B. Krueger
Nominee for Member of the Council of Economic Advisers
United States Senate Committee on Banking, Housing & Urban Affairs
September 22, 2011

Chairman Johnson, Ranking Member Shelby, and other distinguished members of the Committee, I am honored to have my nomination come before you today.

I am grateful to President Obama for asking me to serve as a Member and Chairman of the Council of Economic Advisers at this critical time for our nation's economy.

I am also deeply grateful to my wife, Lisa, and to our children, Ben and Sydney, for their support and willingness to allow me to return to public service.

And I am grateful that my parents and wife could attend this hearing today. My mother worked as an elementary school teacher in East Orange, New Jersey, and my father, an army veteran, had a long career as a certified public accountant and small businessman.

From my father, I learned at an early age to respect the entrepreneurs and small business owners who were his clients. I have long appreciated that job growth is dependent on a vibrant private sector and that government can only set the conditions for private employers to prosper and grow. My father also encouraged me to work as soon as I was legally able to do so in order to save for my college education. My first job, when I was in middle school, was working in a medical laboratory, where I cleaned test tubes and retrieved lunch; I was promoted to a position where I stained slides that were screened for cancer. In high school, I worked at Baskin Robbins and later as an assistant electrician, laying cables and installing equipment. These early work experiences were important to me because they taught me the importance of teamwork and that the actual labor market does not always function the way that economic theory says it should.

My wife is a math teacher at our local public high school, which both of our children attended. I learned firsthand from my mother and wife's tireless efforts how a quality education can provide children with greater opportunities and a brighter future.

I have been very fortunate in my own education. I graduated from my local public high school in Livingston, New Jersey, a year ahead of New Jersey Governor Chris Christie. I attended Cornell's School of Industrial & Labor Relations with the idea of becoming a lawyer, but quickly became fascinated by the power of economics and statistics for improving people's lives. I then earned a Ph.D. in economics from Harvard University in 1987.

I subsequently have had the great privilege of working as a professor of economics and public policy at Princeton University for the last 24 years, teaching undergraduate and graduate students and conducting research. My teaching has primarily been in the areas of labor economics, statistics, public finance and the economics of education.

I have conducted research on a range of topics, from job growth and social insurance to terrorism and time use, from bond markets to labor markets, from the economics of education to the economics of Super Bowl and concert tickets. I have tried not to be tied to a particular doctrine of economic thought in my work, and instead have sought to develop the best evidence possible to test economic theories and estimate key economic parameters.

This approach often has led me to collect original data and use econometric methods to study natural experiments and policy changes. Sometimes my findings have been contrary to what I expected and contrary to the conventional wisdom among economists. But, in every instance, I have tried to adhere to a standard of reporting my findings objectively, regardless of which school of thought they support.

I also recognize that the data and evidence that economists and policymakers rely upon are not perfect. As a result, I have strived to improve our data and statistical infrastructure. In 1993, I started the Princeton Survey Research Center to facilitate innovative methods of data collection. More recently, I launched the Princeton Data Improvement Initiative. This effort enlisted business and academic economists and government statisticians to try to evaluate existing economic indicators and to develop informative new measures.

Princeton briefly served as the capitol of the United States, and the University is true to its motto, first coined by Woodrow Wilson, “Princeton in the nation’s service.” As part of this tradition, Princeton afforded me the opportunity to take a public service leave and serve first as Chief Economist of the U.S. Department of Labor in the mid-1990s and then as Assistant Secretary and Chief Economist of the Treasury Department in 2009-10.

After returning to Princeton in November 2010, I taught a new course called, “The Great Recession: Causes, Consequences and Remedies”. I do not need to tell this Committee that that course is still a work in progress. The U.S. is still struggling to recover from the effects of the financial crisis that erupted in 2008. While time will heal many of the wounds in the economy, applying the proper medicine will help those wounds heal more quickly. I take solace in the fact that the U.S. is a resilient nation with great resources, including our physical and human capital, our Constitutional system of government, our tradition of entrepreneurship, and our common sense approach to solving problems. I am convinced we can meet the serious challenges we face with the right mix of economic policies and faith in American workers and businesses to adapt to change, and emerge a stronger country.

The Council of Economic Advisers is a unique and important institution within the government. The President relies on the Council to provide the best available objective economic analysis. The Council is responsible for preparing the *Economic Report of the President*, monitoring economic trends, and developing and recommending to the President economic policies to promote competitive enterprise and to avoid and diminish the effects of economic fluctuations.

My background as a labor economist, teacher and researcher will help me take on these duties, if I am confirmed. My work on improving economic indicators would provide useful background in interpreting economic trends. My work as a researcher would help to appraise the success or

failure of various programs. My experience as an editor of one of the American Economic Association's main journals will help me to present a wide variety of views and relevant evidence to the President, not just my own personal views but also those of the other Members and others in the economics profession. Indeed, I think an important role of the Chairman of the Council of Economic Advisers is to present the President with a range of views from leading schools of economic thought, indicating the uncertainty surrounding an issue, and highlighting where others hold different views of the merits and demerits of various policies than the Chairman.

I am humbled and honored to have the possibility of serving the nation, should I be confirmed. If you and your colleagues in the Senate give me the opportunity to serve as a Member and Chairman of the President's Council of Economic Advisers, I promise to apply my human capital to the best of my ability to justify your trust and confidence.

Thank you again for the time and opportunity to appear before you today, and I look forward to answering your questions.