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Waters Praises Yellen's Foresight; Urges Continued Action to Stem Unemployment

February 11, 2014

WASHINGTON, D.C. – As Federal Reserve Chair Janet Yellen made her first appearance before Congress, **Congresswoman Maxine Waters** (D-CA), top Democrat on the House Financial Services Committee, congratulated Yellen on her historic appointment and record of accomplishment. Waters also praised Yellen's support for bold action to stabilize the economy and underscored her belief that more needs to be done to address the unemployment crisis and income inequality. The Ranking Member also urged Yellen's continued vigilance on the Fed's role in implementing the Dodd-Frank Wall Street Reform Act, to ensure financial stability and thereby, economic growth.

The hearing, to discuss "Monetary Policy and the State of the Economy," was held before the House Financial Services Committee.

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Waters' full remarks are below.

As prepared for delivery:

Thank you Mr. Chairman.

It is with great pleasure that I welcome you, Chair Yellen, to deliver your first-ever "Humphrey-Hawkins Act" report and testimony.

Chair Yellen, your presence here today is both historic and well-deserved. Your record of distinguished service in government, academia and at the Federal Reserve make you uniquely qualified to navigate the considerable economic challenges that lie ahead.

Your career in public service has been marked by high praise from economists and policymakers across the political spectrum. And in the face of an increasingly complex and interconnected global economy, your sound judgment on the risks to economic growth and stability has been validated time and time again.

In the run up to the 2008 financial crisis, you accurately identified the looming risks to the economy and spoke up – telling colleagues, quote, "the possibilities of a credit crunch developing and of the economy slipping into recession seem all too real."

When the crisis hit as you predicted – you pushed to challenge conventional thinking about the limits of monetary policy – and appropriately encouraged the Fed to act forcefully to stabilize the economy.

Today, as mixed economic data seems to suggest that the recovery is still fragile – and millions of



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Americans continue to be unemployed – your willingness think “outside the box” is more important than ever.

Like many of my colleagues, I remain concerned that more needs to be done to address the long-term unemployment crisis. As you know, 3.6 million Americans have been out of work for 27 weeks or more. And I fear that any further delay in addressing the problem could permanently damage the labor force and slow the economy’s ability to grow over the long-term.

As you weigh the costs, benefits and risks of further large-scale asset purchases, I hope you will press your colleagues on the Federal Open Market Committee to take into account the ongoing impact that this long-term unemployment crisis is having on millions of American families.

Of course, the Republicans’ ideologically-driven austerity agenda, protracted political debt ceiling brinkmanship, and failure to extend basic unemployment insurance benefits – has only made this situation more dire. Ironically, Republican unwillingness to provide the short-term fiscal assistance that the economy needs has put more pressure on the Federal Reserve to continue the same stimulative policies that many in their party oppose.

Although monetary policy is indeed a powerful tool - the responsibility for putting the economy on more stable footing cannot – and should not – fall exclusively on the Federal Reserve. Congress too, must do its part.

One issue on this front which I hope the Congress can work in concert with the Federal Reserve to address is the growing issue of income inequality. As you know, the gains accrued during the economic recovery have disproportionately benefitted the wealthiest in our society, leaving the middle class and the most vulnerable behind. I believe that the income gap is one of the most pressing threats to our economic potential. I look forward to your views on how we can work together to close it.

Finally, there are a number of pending issues related to the Fed’s role in implementing the Dodd-Frank Act. And although we won’t be able to discuss all of them today, I hope to learn more about Fed’s role in identifying and reducing systemic risks across the financial system. This includes your proposed rules to enhance prudential standards for large U.S. and foreign banking firms and your views on risks that continue to exist in the repo markets.

As the 2008 financial crisis made all too clear – growth and prosperity are inextricably linked to financial stability – and therefore your vigilance on these matters is critically important.

Chair Yellen, thank you again for being with us today. I yield back the balance of my time.

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