

Opening Statement
Michael G. Oxley, Chairman
Committee on Financial Services

Federal Reserve Chairman Alan Greenspan
Before the Committee
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Good morning, Mr. Chairman.

First of all, I'd like to thank you for your generosity in agreeing to come back to the committee and continue the round of questions from members who weren't able to speak with you in February.

Secondly, let me offer you my congratulations on the President's comments last week that he would reappoint you to another term as chairman when your term expires next summer. I'm sure I speak for the entire Committee when I say we appreciate the strong and steady hand you have exerted in the control of monetary policy.

A great deal has happened in the ten short weeks since you testified before this committee. On February 12, when you were last here, a war in Iraq seemed certain, but its length and outcome were less so. Today, we know that the war was quick, the dictator was ousted and a free Iraqi people are on their way to a new and more democratic government.

Back in February, the economy's fundamentals looked good, but uncertainties about the war and energy prices made it difficult to predict an economic turnaround. Now, with those issues out of the way the consensus is for a gradual, but steady recovery.

Of course, Mr. Chairman, as you know, there are plenty of things that still can throw the recovery off track, namely the continued weakness of the global economy, and as-yet-unknown effects of the SARS epidemic.

That is why I believe it is so important to enact the President's jobs-and-growth package. It's important to note that the President isn't seeking a short-term stimulus. Instead, Mr. Chairman, the President is seeking long-term restructurings of the tax code of the sort that you have tended to favor over time, and that you embraced in your February appearance. I'm particularly interested in the dividend tax cut and its benefits for investors, for the capital markets, and for corporate governance.

As to the other parts of the President's jobs-and-growth package, you have always, Mr. Chairman, said that you believed that tax predictability is important, and that, in general, the lower taxes are and less government spends, the better. I couldn't agree more.

Mr. Chairman, I think most in this room would agree that there is no better time to cut taxes than during an economic slowdown. It's a little harder to reach into the wallet, but now is when it really counts.

In closing, I think the early indicators are moving in the right direction, and that the economy may finally be ready to rally. Since the war, we've had indications that consumer confidence is up sharply, that consumer spending is up and that the market seems to be recovering.

Again, Mr. Chairman, I thank you for your consideration in returning to the committee, and I yield to the Ranking Member, Mr. Frank.