

**INTRODUCTORY STATEMENT OF N. GREGORY MANKIW
NOMINEE FOR CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS
BEFORE THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS
UNITED STATES SENATE**

Tuesday, May 13, 2003

Mr. Chairman, Senator Sarbanes, and members of the committee,

I am honored to be here today as the President's nominee to chair the Council of Economic Advisers. For more than half a century, the CEA has offered Presidents professional analysis concerning the state of the economy and the issues facing economic policymakers. I have great respect for this tradition, and if confirmed, I will make every effort to maintain the Council's high standards.

The United States has long been a land of great economic opportunity, and the story of my own family reflects that fact. My four grandparents emigrated from Ukraine to the United States almost a century ago, looking for a better life. None of them had more than a fourth grade education. But the U.S. economy was more than ready to reward their hard work and determination. When my grandmother opened her small candy store in Trenton, N.J. in the 1920s, her goal was to give her children and grandchildren more opportunities than she had. She had ample success.

I am one of the lucky beneficiaries of those efforts. As a student, I attended Princeton and MIT—two of the best universities in the world. For the past eighteen years, I have been a professor of economics at Harvard. My career has been dedicated to studying the economy and teaching students about the principles of economic policy, both in the classroom and through the two textbooks I have written.

I am also a husband and father of three wonderful children. My wife Deborah and daughter Catherine are here with me today. If there is one hope I have for economic policy, it is for it to create an environment where the children of every family have access to the opportunities that my family has enjoyed since my grandparents arrived in their new homeland.

The U.S. economy remains one of the most vibrant in the world, but we have also faced some significant challenges in recent years. The economy's production of goods and services has grown over the past eighteen months, but not fast enough to put people back to work after the recent recession. There are several causes of the economy's troubles. The overhang from the high tech bubble of the 1990s, a series of corporate-governance scandals, and the increased uncertainties after the 9/11 terrorist attacks have all put downward pressure on economic activity.

At the same time, monetary and fiscal policymakers have acted vigorously to stimulate the economy. Interest rate cuts by the Federal Reserve, and tax cuts enacted by Congress and signed by the President, have helped offset these contractionary forces and contributed to the recovery. I believe that passage of the President's Jobs and Growth package would add to this effort. It would help put people back to work in the short run, as well as encouraging capital accumulation and economic growth in the long run.

Despite these recent challenges, the future of the U.S. economy is bright. I often point out to my students that Adam Smith, the founding father of economics, published his great book, *The Wealth of Nations*, in 1776, just as our nation was declaring its independence. This is no coincidence. History teaches that economic liberty goes hand in hand with political liberty. That lesson goes a long way toward explaining the success the United States has enjoyed over the past two centuries.

If confirmed, I will be honored to play some role in helping to shape our nation's economic policies. I know that public service is a great opportunity and a great responsibility. I look forward to working with you and the other members of congress in the months and years to come.

Thank you.