

**Opening Statement of Alan B. Krueger**  
**Nominee for Assistant Secretary of the Treasury for Economic Policy**  
**United States Senate Committee on Finance**  
**April 30, 2009**

*Remarks as Prepared for Delivery*

Chairman Baucus, Ranking Member Grassley, distinguished members of the Committee, I am honored to have my nomination come before you today.

I want to thank your staff for meeting with me last week and discussing economic policy issues.

I am grateful to President Obama and Secretary Geithner for asking me to serve at the Treasury Department at this critical moment 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 working in the government.

My family has a long tradition of public service. My mother worked as an elementary school teacher in East Orange, New Jersey, and my father had a long career as a certified public accountant and is an army veteran. My wife is a math teacher in our local public high school, from which my son graduated and my daughter currently attends.

I have been very fortunate in my own education. After graduating from my local public high school in Livingston, New Jersey, 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, where I was fortunate to work with Larry Summers and Richard Freeman, two of the most innovative, productive and policy-relevant economists of their generations.

I subsequently have had the great privilege of working as a professor of economics and public policy at Princeton University for the last 22 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 take great pride in the fact that one of the students in the first undergraduate class I taught is now a Cabinet Secretary, OMB Director Peter Orszag.

I have conducted research on a range of topics, from unemployment 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 theories of economic behavior. This approach has led me to collect original data and use econometric methods to study natural experiments and policy changes. In the process, I started the Princeton Survey Research Center to facilitate innovative methods of data collection.

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" -- and later amended to include, "in the service of all nations." As part of this tradition, Princeton afforded me the opportunity to take a public service leave and serve as Chief Economist of the U.S. Department of Labor in the mid 1990s.

After returning to Princeton in 1995, I distilled three important lessons from my experience in government that influence my outlook today.

First, a sound financial system is essential for economic prosperity, stability, and job growth. The rapidly rising unemployment that our nation is currently enduring is not the fault of labor market impediments or institutions, but of a financial crisis caused by excessive risk taking and unreasonable leverage. President Obama and Secretary Geithner's Financial Stability Plan that the Treasury Department is implementing with your help is essential to turn our economy around and for a vigorous recovery to take hold. It is equally important for our long-term financial stability and economic prosperity that the U.S. returns to a fiscally sustainable path once this recession is behind us.

Second, it is essential for the public to be well informed about economics and finance, from a personal perspective as well as from a national and international perspective. In this regard, I have written regularly for the public in the *New York Times*. Reaching newspaper readers, however, only goes so far. Some two million students currently take a course in economics in high school each year, more than at the college level. For the past five years I have worked on writing a high school economics and personal finance textbook. I have also served as Chief Economist for the Council for Economic Education, the nation's premier organization for promoting economics and financial literacy in elementary and secondary schools. I am convinced that an economically and financially literate population is the best way to avoid the type of economic calamity that now befalls our nation and to build support for policies that will promote economic growth and shared prosperity.

Third, in the long run our prosperity depends first and foremost on our human capital. Human capital – defined as the skills and abilities possessed by the workforce – accounts for the largest share of our national income. A well trained and healthy workforce is necessary to develop and implement new technologies that fuel economic growth. For these reasons, I am pleased that President Obama's budget places an emphasis on the investments in education and training that are critical to our future, and paves a way for health care reform that improves efficiency, access, and quality. These investments will make our economy more productive and more competitive.

I do not need to tell this Committee that both the U.S. and the world economy are currently facing unprecedented turmoil, including rapidly rising unemployment, declining GDP and wealth, record numbers of foreclosures, and a precipitous drop in world trade. Yet we are a resilient nation with great resources, including our physical and human capital, our system of government, our tradition of entrepreneurship and our common sense approach to solving economic problems. I am convinced we can meet the serious challenges we face with the right mix of economic policies, and emerge a stronger country.

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 Assistant Secretary for Economic Policy at the Treasury Department, I promise to apply my human capital to the best of my ability to justify your trust and confidence.

Thank you.