

Statement of Edward P. Lazear
February 14, 2006
Senate Committee on Banking, Housing, and Urban Affairs

Chairman Shelby, Ranking Member Sarbanes, and Members of the Committee, it is a great honor to be here today as the President's nominee to be Chairman of the Council of Economic Advisers. The Council, which has been in existence for 60 years now, is charged with the task of advising the President on economic issues. Throughout its history, it has remained a body of experts and academicians who have taken it to be their duty to inform policymakers in an unbiased and professional manner.

One colleague recently told me that in Washington, when people want the correct answer on economics, they go to the Council of Economic Advisers. The best compliment that can be paid to the CEA is that the CEA "tells it like it is" so that the President and Congress, who are charged with the responsibility of weighing all factors, can make the best decisions possible.

Let me offer a brief summary of my background. I was born in New York, but raised in the San Francisco Bay Area, when my father, who worked as a machinist in the defense industry, followed the work to California. I attended UCLA where I obtained Bachelor's and Master's degrees and then went to Harvard to get my Ph.D., all in economics. After graduating, I taught at the University of Chicago for nineteen years and moved to Stanford University full-time in 1992, where I am currently a professor in the Graduate School of Business and a fellow of the Hoover Institution. I have founded two businesses and was the chairman of my company from 2001 until recently.

I am primarily an applied economist and have worked in a number of different areas. My specialty is issues involving incentives and productivity. Although most of my work has been in microeconomics, broadly defined, I have some well-known research in macroeconomics that examines the effects of government policies on employment. I have also spent much of my career studying education and am currently the sole economist on a National Academy of Sciences standing board that deals with education issues.

My government experience is varied. I have advised a number of countries on economic growth and reform, specifically Eastern European nations as they moved from command to market economies. I was also a member of the President's Advisory Panel on Tax Reform last year. I am currently a member of Governor Schwarzenegger's Council of Economic Advisers.

Before I left California to testify, my senior Stanford colleague, Secretary George Shultz, told me that the role of the Chairman of the Council of Economic Advisers is to be an economist – to be straight and to bring the economics to the table, leaving the politics to others. If confirmed, I will devote all of my energy to ensuring that policymakers have the best economic analysis possible.

Thank you. I welcome your questions.