Remarks to the Women's Economic Round Table

Additional Information

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We have come through the deepest recession since the Great Depression and the pace of recovery has been slow. Growth continues to be weak. Unemployment remains stubbornly high. And inflation is too low.

I have long expected the road out of this recession to be gradual and bumpy. This recession was the result of a financial crisis, and historically the recovery periods following financial crises are often longer, as consumers and businesses slowly rebuild lost wealth and repair their balance sheets.

Consumers are saving more and reducing their debts, and that is gradually helping to improve their financial situations. Make no mistake, a lot of people are hurting, but there has been some movement in a positive direction.

There has been a similar trend among businesses. Without question, many are struggling-too many. But aggregate profits have returned to levels that are more in line with what we typically see following recessions.

There are some signs that the economy is beginning to mend. The private sector is adding jobs, and we have positive GDP growth. While the economy is growing, and I expect that it will continue to grow next year, the current pace of growth is not fast enough to make much progress in lowering the unemployment rate.

I also expect underlying inflation to remain near its current low level through next year, lower than the roughly 2 percent rate that I see as consistent, over the long run, with the Federal Reserve's objectives. As a Federal Reserve policymaker, I am focused on achieving our long-term policy objectives of price stability and maximum employment.

To achieve these objectives, the Federal Reserve has put in place a highly accommodative monetary policy, one that I have strongly supported. The federal funds rate is essentially zero, and it has been there for a while. We have also purchased over one trillion dollars of long-term securities to support the housing market and the broader economy. There is evidence that these actions have had an impact. Mortgage rates have declined and have stayed low, and so have the yields on Treasuries. More recently, to ensure that we are not passively removing our policy accommodation, the Federal Reserve decided to reinvest principal payments from our agency debt and MBS securities into longer term Treasury securities.

If further policy accommodation is needed to promote price stability and the continuation of the economic recovery, we have options available to us. We are in uncharted waters. History does not provide a complete guide for the unconventional policy tools we are using, which is why it is important that we continue to examine the costs and benefits of these tools. If additional accommodation is needed, I want to be sure that the framework we employ is an effective one. I am confident that the Federal Reserve can effectively respond to evolving economic and financial developments.