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Opening Statement
Senator Jack Reed
Joint Economic Committee Hearing
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Thank you, Chairman Saxton. This hearing gives us the opportunity to continue examining the impact of the recent hurricanes on the jobs data and to try to discern underlying trends in the labor market. I want to commend Commissioner Utgoff for the hard work that her staff at the Bureau of Labor Statistics (BLS) has put into producing these statistics under extraordinary circumstances.

As measured by initial claims for unemployment insurance, the number of people who have lost their jobs due to hurricanes Katrina and Rita has now exceeded the half-million mark, and more job losses are expected from Hurricane Wilma. In the coming months, I hope the reconstruction efforts will stimulate a recovery in jobs throughout the region.

Beyond the hurricane-affected areas, the labor market showed signs of losing strength. For the economy as a whole, this month's BLS report shows that only 56,000 net jobs were created. It appears that high gas prices may be squeezing employers as well as consumers.

Even before the hurricanes, the labor market was still feeling the effects of the most protracted jobs slump in decades. Cumulative payroll employment growth has been modest by the standards of most economic recoveries, and we continue to see evidence of hidden unemployment, with labor force participation and the fraction of the population with a job still at depressed levels.

The typical worker's earnings are not keeping up with rising living expenses, which is squeezing family budgets. Gasoline prices have been high and home heating costs are expected to be substantially higher this winter than they were last winter. In the past year, real wages have fallen throughout the earnings distribution, with the largest declines in the bottom half.

I am pleased that President Bush reversed his unwise decision to suspend the Davis Bacon Act in the hurricane-ravaged areas and restored federal wage protections for workers on federal contracts. But the President's steadfast refusal to support an increase in the minimum wage still makes it hard to take seriously his rhetoric about wanting to lift families out of poverty.

I look forward to Commissioner Utgoff's statement and to a further discussion of the October employment situation.

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