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Opening Statement
Representative Carolyn Maloney
Joint Economic Committee Hearing
May 6, 2005

Thank you, Chairman Saxton. The Joint Economic Committee has a long tradition of holding these hearings with the Commissioner of the Bureau of Labor Statistics to discuss the latest data on the employment situation, and I am glad we are able to continue that tradition today.

This morning's news that the economy created 274,000 jobs in April is certainly good news for American workers. However, we haven't seen very many months of good job growth in the last four years as the economy has gone through the most protracted jobs slump since the 1930s.

We continue to see evidence of that jobs slump. There were still fewer private sector payroll jobs in April than there were when President Bush took office in January 2001, and there are 2.8 million fewer manufacturing jobs. Even though we have had nearly two years of job growth, the pace of that job creation—about 150,000 jobs per month—is not what one would expect to see in a strong jobs recovery. It seems as though we are barely treading water in terms of keeping up with population growth and encouraging people to come back into the labor force after a long jobs drought.

Today's report also shows that the unemployment rate remained unchanged at 5.2 percent. While it is true that the unemployment rate has come down from its peak, it still is more than a percentage point higher than the 4 percent rate we were able to achieve by the end of the 1990s. Moreover, today's unemployment rate masks the fact that 5.1 million people who want to work remain out of the labor force and another 4.3 million are working part-time for economic reasons. The unemployment rate would be 9.0 percent if those people were included.

Finally, I am concerned about workers' wages and earnings, especially over the past year or so. It seems that no matter what measure of workers' take-home pay you look at lately you see that it is not keeping up with inflation. For example, in the 12 months ending in March, both average hourly earnings and average weekly earnings of private sector workers are down about ½ percent after accounting for inflation. Measures of total compensation, which include benefits as well as wages and salaries, are keeping up with inflation—but just barely. The problem is that rising costs of health insurance premiums are adding to employers' costs but they are squeezing workers' take-home pay at the same time.

Not only are earnings generally not keeping up with inflation, but the distribution of earnings is becoming more unequal. For example, from the end of 2000 to the end of 2004, the real earnings of full-time workers in the middle of the earnings distribution grew by just 0.2 percent per year after inflation. However, those near the top of the distribution rose by almost 1 percent per year after inflation, while those near the bottom fell by 0.3 percent per year, on average. More recently, those disparities have become larger and only earnings at the very top have exceeded inflation.

Mr. Chairman, I am very pleased to have Commissioner Utgoff here today and I look forward to hearing her testimony and pursuing with her some of the concerns I have raised about the employment situation.

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