CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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ECONOMIC SLOWDOWN WAS UNDERWAY IN 2000

--Workers' Earnings Stagnated as Manufacturing Employment Declined--

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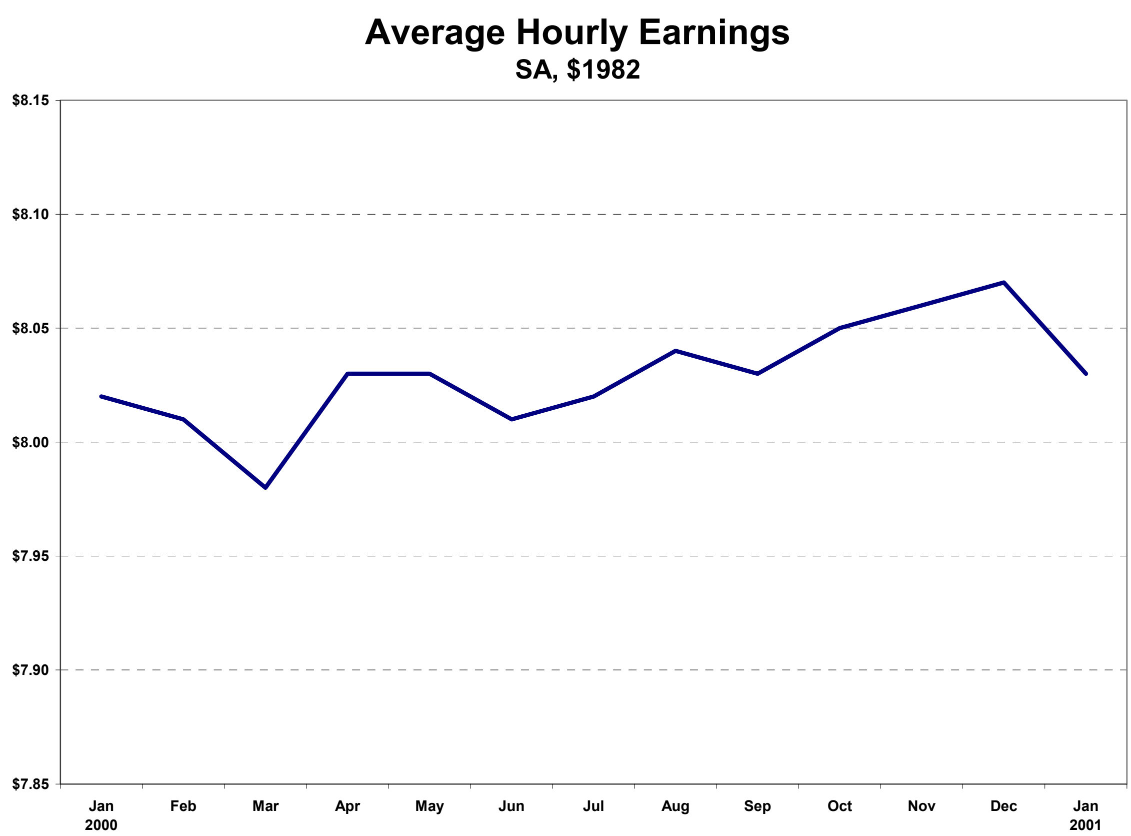
WASHINGTON, D.C. – The notion that the U.S. economy was in excellent condition in 2000 is not consistent with standard data on output, manufacturing employment, earnings, the stock market and other measures, Vice Chairman Jim Saxton said today. After the stock market bubble burst in the first quarter of 2000, the growth of output and investment plunged in the second half of the year. In the third quarter of 2000, the economy actually shrank.

Partially due to the strength of the dollar, the manufacturing sector had experienced economic problems even earlier. Manufacturing employment had peaked in March of 1998, and declined by over half a million jobs by January of 2001.

According to Bureau of Labor Statistics (BLS) data, the inflation adjusted earnings of non-supervisory and production workers in 2000 stagnated. For example, average weekly earnings slipped between January of 2000 and January of 2001. Average hourly earnings were essentially flat in the 12 months ending in January of 2001.

"No one should be under the illusion that workers' earnings were growing rapidly four years ago," Saxton said. "The BLS earnings data show that average earnings, whether measured on an hourly or weekly basis, were stagnant in 2000. Furthermore, the bursting of the stock market bubble, and the resulting widespread business failures, clearly indicated that the boom was coming to an end," Saxton concluded.



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