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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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CONSECUTIVE MANUFACTURING JOB LOSSES BEGAN UNDER CLINTON

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WASHINGTON, D.C. – Former Governor Howard Dean was challenged today by Vice Chairman Jim Saxton to explain the deterioration in the economy already underway in 2000, before President Clinton left office. Saxton again referred to the statement of Joseph Stiglitz, President Clinton's Chairman of the Council of Economic Advisers, who said, "the economy was slipping into recession even before Bush took office, and the corporate scandals that are rocking America began much earlier."

Dean has blamed current Administration policies for the decline in payroll employment in recent years, but fails to mention that a key reason for this decline is the consecutive drops in manufacturing employment that started in the middle of the last year of the Clinton Administration. In the final month of the Clinton Administration, manufacturing employment dropped by 76,000. Manufacturing production had also trended downward since the summer of 2000. This is consistent with a variety of other economic data showing a sharp reduction in economic growth in the middle of 2000 following the stock market plunge of early 2000.

"As I have pointed out before, an overwhelming proportion of the recent employment declines has been in manufacturing," Saxton said. "But this trend of consecutive declines in manufacturing employment began well before President Bush took office or his policies went into effect. Mr. Dean should explain how this chain of manufacturing job losses could be blamed on Administration policies that only took effect after this trend was well underway. Of course, it is also important to recognize that there also has been a long-term trend in recent decades toward lower manufacturing employment regardless of economic conditions.

"As previous JEC studies have noted, the bursting of the stock market bubble early in 2000 had a devastating effect on business investment and economic growth. The impact of the bursting financial bubble on the economy in 2000 and following years is too important to be ignored by policymakers," Saxton concluded.

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