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Opening Statement Senator Jack Reed Vice-Chairman, Joint Economic Committee February 1, 2002

Thank you, Chairman Saxton, for convening this hearing. I also want to thank Acting Commissioner Orr for coming to testify before us today.

Despite some hopeful signs, the labor market remains weak as the economy continues to shed jobs. Today, there are nearly eight million unemployed Americans, and nearly five million more workers who want a job, but are not counted among the unemployed.

Particularly troubling is the fact that the number of people who are unemployed for more than six months is rising, and Congress still has not acted to help them. Even if the economy begins to recover in the first half of 2002, as many analysts predict, overall unemployment is likely to continue rising for some time. Moreover, the long-term unemployed are typically the last to join in the economic recovery. On average over the postwar years, the unemployment rate for those who have been jobless for more than 26 weeks continued to rise for nine months after the economy had begun to recover.

The Department of Labor recently reported that the number of workers exhausting their regular unemployment benefits had risen substantially by the end of last year. In my home state of Rhode Island, the number of workers who have exhausted their benefits has increased by nearly 40 percent over the past year.

There should be no doubt about the importance of extending benefits to unemployed workers.

This week, Senator Susan Collins joined me in calling for an immediate vote on extending unemployment benefits by 13 weeks for the more than two million Americans who have exhausted their benefits since the start of the recession and the many more who will soon face the same fate. (A copy of the letter we wrote to Senate Majority Leader Tom Daschle and Minority Leader Trent Lott is available here today.)

Both Republicans and Democrats have proposed extending unemployment benefits, but have tied the extension to other economic stimulus provisions. I strongly believe that passing an extended benefits bill, separate from other legislation, is the right thing to do now. American families are suffering, and simple common decency requires that we put aside our partisan differences and come together to meet their needs now.

Extended unemployment benefits go to those who desperately need resources to purchase food, pay their bills, and clothe their children. These benefits replace only a fraction of a worker's lost income, so most of the money will be put right back into the economy when it is spent immediately on life's necessities.

In addition, extending unemployment compensation involves no cumbersome implementation issues since the benefits system already exists. As the recovery takes hold and laid-off workers find new jobs, the costs of the program decline.

The task before us as policymakers is to get the economy out of this recession quickly and put it back on the path of strong and sustainable growth. Extending unemployment benefits to workers right now will not only help millions of families weather these difficult economic times, but it will also provide a boost to the economy, without undermining our long-term fiscal discipline.

Mr. Chairman, I look forward to the testimony of Acting Director Orr on the state of our labor markets.