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Opening Statement
Senator Jack Reed
Joint Economic Committee Hearing
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Thank you, Chairman Bennett. I want to welcome Commissioner Utgoff and thank her for testifying here today.

The Bureau of Labor Statistics' (BLS) April employment situation shows that the unemployment rate was little changed at 5.6 percent. More than 8 million Americans remain unemployed – with nearly 2 million out of work for 6 months or more. While 288,000 payrolls jobs were created, we still have a jobs deficit and long-term unemployment remains high.

Although the recession officially ended nearly 2½ years ago, we still have a payroll employment gap of 1.5 million jobs since President Bush took office. We haven't seen such persistent job loss since the 1930s. It appears that job creation has turned a corner, but it will take many months of solid payroll growth to erase the huge gap that has developed since early 2001.

Meanwhile we are also waiting for another gap to close—the wage gap. Most measures of workers' earnings have barely kept up with inflation over the past three years, despite remarkable productivity growth. The gap between the growth of productivity and growth in real hourly wages is unusually wide.

For example, the productivity data reported yesterday show that since the start of the recession in early 2001, output per hour in nonfarm businesses has grown at a staggering 4.5 percent average annual rate. However, those same data show that once you take out inflation, workers' hourly compensation has grown at just a 1.1 percent annual rate over that same period.

Moreover, some of that growth in compensation reflects the rising costs of benefits like employer contributions to health insurance. For some time now, wages and salaries – which is what shows up in workers' paychecks – have been growing more slowly than benefits. Thus far, at least, strong productivity growth has done more for the bottom line of companies than it has done for the take-home pay of workers.

Another nagging concern in the labor market is that long-term unemployment remains stubbornly high. April was the 19th consecutive month in which at least 20 percent of the unemployed had been without work for more than 6 months. That is the longest such streak in the more than six decades that the Labor Department has kept these records.

Congress can do something now to help the long-term unemployed by extending federal unemployment benefits. With bipartisan majorities in both houses of Congress and the support of Federal Reserve Chairman Alan Greenspan, it's stunning that the President and the Republican-controlled Congress have been dragging their feet on this.

The economy is growing, but middle-class families still face an uncertain jobs picture, stagnant wages, higher prices at the pump, and rising consumer interest rates. It may be some time before workers and their families experience the benefits of this recovery firsthand.

I look forward to the Commissioner's testimony.