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Opening Statement Senator Jack Reed Vice-Chairman, Joint Economic Committee December 7, 2001

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

Since our last hearing, the National Bureau of Economic Research declared that this country's longest economic expansion on record came to an end back in March, as the nation entered a recession. Of course, it was clear before the announcement that we had entered a period of slow economic growth, which was aggravated by the terrorist attacks on September 11.

The U.S. economy has lost more than a million jobs since the beginning of the recession in March. Despite some hopeful signs, the number of Americans losing their jobs continues to climb. And the number of people who are still unemployed after more than six months is rising.

Some 290,000 unemployed workers exhausted benefits in the month of October alone. The last time we saw numbers this high was 10 years ago, in the wake of the last recession. At that time, in November 1991, legislation was enacted providing 13 to 20 additional weeks of benefits to workers who exhausted their regular benefits. Passing a 13 week extension of unemployment benefits now could help more than three quarters of a million people – almost one in ten unemployed workers. There should be no doubt about the importance of extending benefits as part of the stimulus package.

Getting money into the hands of *lower*-income households – either through expanded unemployment benefits or tax rebates – would boost consumption spending. People who have lost their jobs and have trouble making ends meet are the ones to target if the goal is to get the most bang for the buck out of our stimulus policies. There must be demand for a company's products or services before a firm will invest in new equipment or hire additional workers.

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. A fiscal stimulus package is only a good idea to the extent that it has maximum impact in the short run without undermining long-term fiscal discipline. A poorly designed fiscal policy could be a waste of valuable resources or could even be counterproductive.

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