



Joint Economic Committee
Senator Charles E. Schumer
Chairman



Joint Economic Committee Hearing on Middle Class Anxiety
Opening Statement of Senator Schumer
January 31, 2007

Good morning. I am pleased to open the first hearing of the Joint Economic Committee in the 110th Congress. I want to welcome Ranking member, Mr. Saxton, who was a colleague of mine when I was in the House.

I know we will have some disagreements over solutions along the way, but I hope that we will be able to develop a shared view of the problems the American people will want us to be working on. And I look forward to working closely and, dare I say, neighborly with all of you.

This is a committee that will ask difficult questions, challenge our assumptions, and seek to define our nation's economic challenges using the best minds in the nation as our witnesses.

For much of the next two years, our hearings are going to focus on the middle class. That is because I believe that the middle class is the engine of the American economy.

When they are doing well, America is doing well. When they are anxious, America is anxious.

If we want to expand or reform aid to the poor, we can only do so if the middle class feels that they are prospering, moving ahead, and are secure.

If we want to expand trade because we believe it grows the economy, we can only do so if the middle class feels that they will benefit as much from our national growth as those at the very top.

This hearing couldn't come at a better time because on all of those measures, the middle class feels a bit shaky. They are not struggling to get by, but they are struggling to get ahead. They are unsure of their footing in an economy and world that is about change, technology, and disruption.

They feel they are alone to navigate the contours of change and that government isn't really helping them where they need it.

They see the economic fortunes of different groups in our economy growing apart – not together. And they are rightfully worried that this gap will widen into an unbridgeable chasm.

We all know the statistics: we went through the most prolonged jobs slump since the 1930s after the 2001 recession; productivity continued the strong trend that began in the mid-1990s, but real wages stagnated as the benefits of economic growth showed up in the bottom lines of companies and in executive salaries but not in the paychecks of most workers.

But the middle class doesn't need statistics to tell them they're on shaky ground. American families know they can't work any harder than they already do, and that for the last six years they have mostly run in place.

This morning, President Bush will give a "State of the Economy" address in my home state of New York. And he will try to make the case to the American public that our economy is strong and everyone is benefiting.

The President will surely point to today's news that economic growth picked up in the fourth quarter and a key measure of wages showed some real growth as well. No one is happier than me that we had a nice quarter.

But if you really spend time out in middle class America – if you descend from the 30,000 foot level to the communities of Main Street America – you know that all is not well with the middle class.

The basic successes and aspirations of middle-class life – raising a family...buying a home...paying for college...saving for retirement—are becoming intimidating hurdles for average, ordinary people.

The price of college, for example, the ticket to the middle class for future generations – has increased faster than inflation for 26 consecutive years.

So, the President is right when he says that a future of hope and prosperity in this country begins with a growing economy. But he could not be more wrong when he says that all Americans have benefited from economic growth over the past several years. The fact is that the middle class has never been so unsure of its footing since I came to Congress in 1980.

I believe that we need a new direction to promote economic growth for all Americans in the 21st century. We need to throw away the old map that has been favoring those with influence and wealth and leaving the middle class behind. Our economic fortunes need to grow together, not apart.

I said that the JEC would seek advice from the best of the best and that's what we

have to offer for our first hearing.

Bob Rubin, Larry Summers, and Alan Blinder really need no introduction to people who have followed economic policy in this country over the past decade or more—although I *will* give them a proper introduction before they give their testimony. We also welcome Professor Richard Vedder, Distinguished Professor of Economics at Ohio University to lend us a different perspective.

I want to give the Vice Chair, the ranking member, and the senior Senate Republican a chance to make their opening statements, but I hope we can proceed quickly to our witnesses and get down to business.