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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.

This is a very disappointing report. The Bureau of Labor Statistics' (BLS) February employment situation shows that the unemployment rate was unchanged at 5.6 percent, because people are leaving the labor force. More than 8 million Americans remain unemployed – with nearly 2 million out of work for 6 months or more. A paltry 21,000 payroll jobs were created – none in the private sector. According to the Chairman of the President's Council of Economic Advisers, we need 125,000 new jobs each month just to keep pace with the growing labor force.

Job creation is nowhere near what it should be. A year ago, the Administration estimated that nearly 2 million jobs would be added in the second half of 2003 – 510,000 of them due to the President's tax cuts. In fact, only 124,000 jobs were created during that period. We got the tax cuts, but we didn't get the jobs.

The current slump is the most persistent jobs recession since the 1930s. Overall, the economy has lost 2.2 million payroll jobs since President Bush took office in January 2001 (**Chart**). When you take out growth in government jobs, and focus on just the private sector, the loss is even more staggering: we are 3 million jobs in the hole since President Bush took office. The manufacturing sector alone has lost 2.8 million jobs.

All of these data come from the BLS' survey of establishments. Some people want to talk about job growth in a different BLS survey – the survey of households – but Chairman Utgoff has testified here that the establishment survey gives a more accurate picture of current labor market conditions. The Congressional Budget Office and Federal Reserve Chairman Alan Greenspan also agree that these data are the ones to look at to assess job loss. So, I hope we can put that debate to rest once and for all.

The 2004 Economic Report of the President acknowledges that job performance has been disappointing. On page 48, the report says, "Indeed the performance of employment over the past couple of years has been appreciably weaker than in past business cycles... [It] has lagged even that of the so-called 'jobless recovery' from the 1990-91 recession." At this point in all previous business cycles since the 1930s we had already erased all the job losses and were creating net new jobs.

Clearly, we're not making much progress in eliminating the jobs deficit. We've been gaining jobs slowly since August, but at the pace we've seen so far, it would take over 3 years to erase the current jobs deficit. Job creation would have to average over 200,000 jobs per month from March 2004 to January 2005 just to erase the current 2.2 million jobs deficit completely. We're a long way from that and even farther away from full employment.

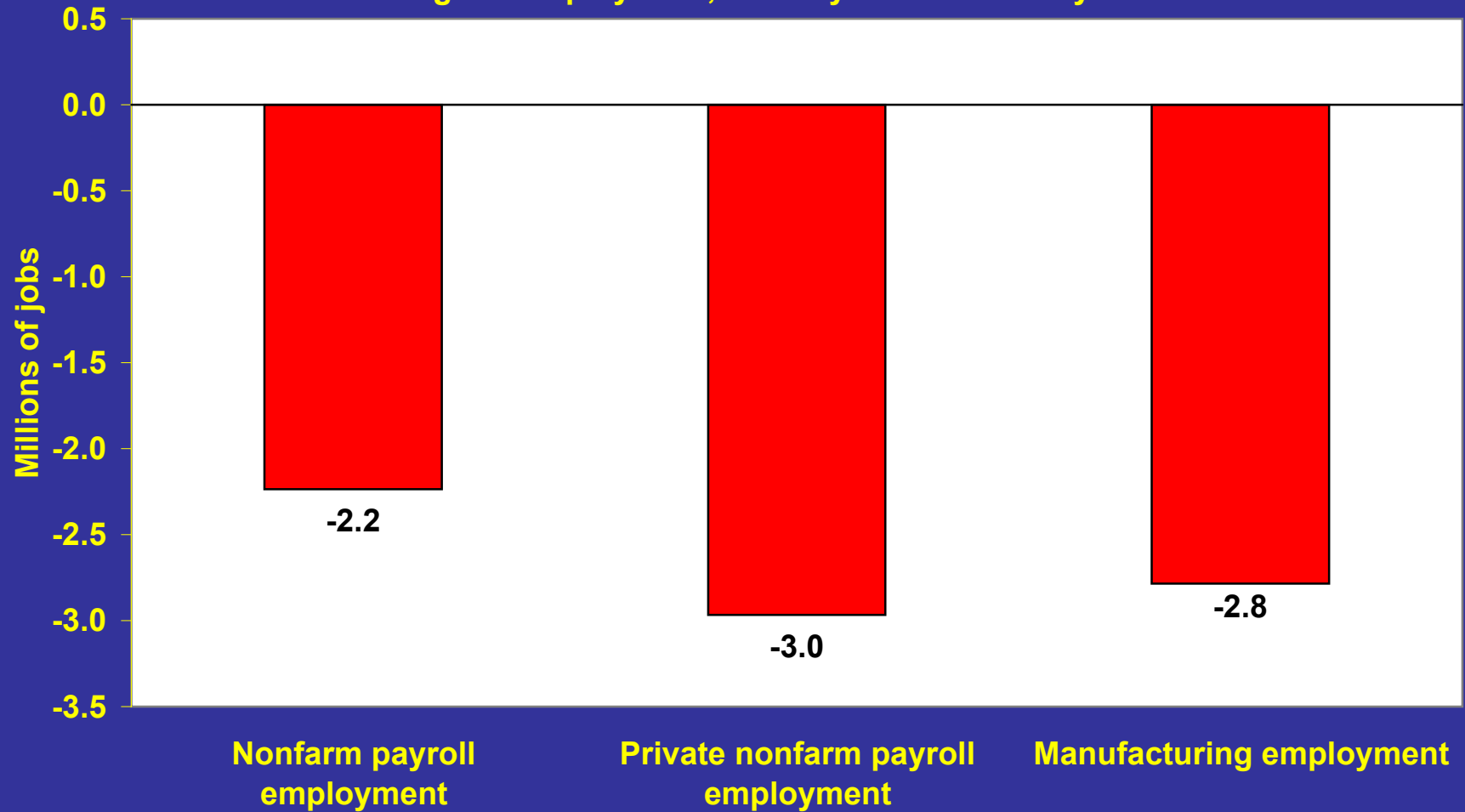
Looking beyond the official unemployment rate, we see many signs of a weak labor market. Besides the more than 8 million Americans officially unemployed, another 5 million people want to work, but are out of the labor force and not counted among the unemployed. The unemployment rate would be nearly 10 percent if you included them and those who are forced to work part-time because of the weak economy. The BLS recently reported that nearly 240,000 workers lost their jobs in January due to mass layoffs – the highest number since December 2002. Job fears drove down consumer confidence in February. And Help-Wanted advertising, an important independent measure of labor demand, remains near the lowest levels since the 1960s.

The Administration has offered precious little relief to struggling American workers and families. We have an obligation to American workers to close tax loopholes that encourage shipping jobs overseas, restart federal unemployment benefits, modify Trade Adjustment Assistance to cover more displaced workers, and restore the President's cuts in education and job training. It would not be compassionate to do anything less.

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Bush Economic Record Net Job Destruction

Change in Employment, January 2001 - February 2004



Source: Bureau of Labor Statistics, U.S. Department of Labor.