



JOINT ECONOMIC COMMITTEE
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**Statement of Carolyn Maloney
Joint Economic Committee Hearing
October 3, 2008**

I want to thank Commissioner Hall and his staff for appearing before us today. This is an important time for Congress to be examining the employment situation of U.S. workers, as we assess the broader impact of the financial crisis on the economy.

Today, the House will vote on the financial rescue plan that passed the Senate on Wednesday. If we don't pass the financial rescue plan today, credit markets will freeze and American families and businesses will suffer greatly. The risk of not acting is simply too great for Americans to bear.

The troubles at our major financial institutions are already working their way down to Main Street. Today's grim unemployment data show that the problems facing working families are mounting as jobs prospects dim. The economy has shed nearly a million private sector jobs over the past nine months and 9.5 million workers are unemployed, 2.2 million more than a year ago.

Indeed, the labor market has been deteriorating for nearly a year. Job growth began to slow in 2005 and job losses appeared at the beginning of 2008. The last time the economy lost jobs for nine months in a row, it was in the midst of a recession. As of this month, the labor market is at recessionary levels of job losses.

Wages have not been keeping pace with the rising prices for basic necessities, like fuel and food. As a result, U.S. workers have lost all the ground that they gained over the 2000s recovery. The Census Bureau recently reported that by the end of last year, inflation-adjusted household income had still not recovered from the last recession and all indications are that household finances have only deteriorated since then.

The credit crisis will likely make the employment situation even worse. The lack of access to credit, combined with the sharp drop in home prices and the lack of growth in real incomes are putting unbearable financial pressure on families.

Families have already begun curtailing their spending, so much so that for the first time since 1991, real personal consumption expenditures fell for three months in a row.

Consumer spending makes up nearly three-quarters of our gross domestic product. As consumers cut back on their spending, this will drag down economic growth, jobs and wages.

Congress has already taken numerous steps to help buffer families from the effects of the downturn. More than 130 million American households received Recovery Rebates by July,

extended Unemployment Benefits for 3.5 million Americans looking for work were enacted, and a housing package aimed at stemming the tide of foreclosures was also enacted into law.

In the wake of the financial crisis, clearly, we must do even more.

Last week, the House approved a \$60 billion economic stimulus package that would have provided an extension of unemployment benefits, an increase in food stamps, and aid to states to preserve health insurance for families and create jobs through investment in our nation's infrastructure. But efforts to provide this relief to families and boost our sagging economy stalled in the Senate and received a veto threat from the White House.

As the chart behind me shows, unemployment is particularly high in nearly half of all states. In high-unemployment states, over a third of workers – who have lost their jobs through no fault of their own – are exhausting even their extended UI benefits. Starting next week, nearly 800,000 workers will be left without additional federal jobless benefits when their extension is set to run out. Over half of these workers live in high unemployment states. Congress has extended benefits to the states hardest hit by unemployment in every other recession in the past 25 years. In light of today's jobless numbers, I hope that the House will pass an extension of unemployment benefits.

Congress and the President need to work together as never before to get Americans back to work as quickly as possible.

I look forward to the continued focus on labor market conditions by this committee.

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