

**Opening Statement of Senator Charles E. Schumer
Chairman, Joint Economic Committee**

Hearing: “How Much More Can American Families Be Squeezed By Stagnant Wages,
Skyrocketing Household Costs, And Falling Home Prices?”

July 23, 2008

Good morning. I convened today’s Joint Economic Committee hearing to examine the tightening Middle Class Squeeze -- the serious impact of rising household costs and stagnant wages in a slumping economy. We are fortunate to have a distinguished panel of experts to discuss the stranglehold these tough economic times have on middle class households.

There is a silent cry going out as middle class families gather around their dinner tables each night to talk about how to pay their ballooning bills. Middle class families are the engine of our economy, but their earning power and economic security has declined significantly in the last seven years. During times of recession AND during times of prosperity, the middle class has been left behind.

What are most American families talking about around their dinner tables? Perhaps they’re discussing gas prices, which have more than doubled since 2001. They’re probably talking about how much more their supermarket trip cost this week, or how they could be paying so much more for college tuition or child care or health care.

We have worked on many of these issues in the last year and a half here at the Joint Economic Committee – holding hearings on rising food prices, the energy crisis, unemployment, the economic costs of the Iraq war, and countless other kitchen table issues facing America’s middle class. What we’ve learned is that all of these problems are serious and all affect real people every day. We had a baker from Long Island talk about rising wheat prices and dwindling profit margins for his small business. We heard from folks who have firsthand experience with the subprime mortgage mess and have seen the rash of foreclosures in Slavic Village in Cleveland. And we have had veterans testify to the serious economic and health consequences of this war in Iraq.

I can tell you one thing Americans are NOT doing. Americans are not whining about the mental recession they are experiencing, as John McCain’s top economic adviser, former Senator Phil Gramm might have you believe. This year’s Republican presidential campaign isn’t the only place to find questionable economic commentary.

Just last week, President Bush said, “I’m not an economist, but I do believe that we’re growing. And I can remember this press conference here where people yelling ‘recession this, recession that’ -- as if you’re economists. And I’m an optimist. I believe there’s a lot of positive things for our economy.”

At the end of February, President Bush was also caught by surprise when he was asked about predictions of \$4 a gallon gas, he said, “That’s interesting. I hadn’t heard that.”

When Americans hear President Bush and John McCain address serious economic concerns, it is like they are on a different planet entirely. It is no wonder that American families today are feeling increasingly anxious about their jobs, their wages, and their economic security. Every day it seems we learn more bad news about the economy:

Last week we learned that the already anemic housing market continues to plummet. Sales of existing homes fell an additional 4.7 percent in May – down 14 percent from where they were a year ago; and foreclosures are up over 50 percent from last year. By all accounts the bottom is nowhere in sight, leaving millions of Americans with less access to credit and increasingly worried about whether they owe more on their homes than they are worth.

The June Labor report showing that the country lost another 62,000 jobs last month – marking the 6th straight month of job losses and bringing the total number of jobs lost just this year to almost 440,000. More than 8.5 million Americans are unemployed; 2.5 million more than were unemployed in 2001 when President Bush took office. Underemployment is nearly 10 percent, and unemployment rates for blacks and Hispanics are far higher than the national unemployment rate of 5.5 percent.

And last week the Consumer Price Index data for June showed that inflation jumped over 1 percent, the second highest monthly rise in 26 years.

So now we’re now seeing danger for the economy on both sides -- growth is too slow and inflation is too high and once again the middle class is being squeezed.

It isn’t time for us to throw up our hands and say forget it. In fact, your testimonies, while shedding light on the difficult economic times at hand for most American families, also suggest that we can do much better. Hopefully Washington won’t need any more wake up calls to shore up our battered housing and job markets and take some proactive steps to address our energy crisis. I’m looking forward to our witnesses’ testimonies and ideas to address some of these problems.

I am happy now to turn to the Ranking Republican Jim Saxton from New Jersey for an opening statement. He’ll be followed by Vice Chair Maloney, who just released a JEC report on women and recession. I encourage all members to make brief opening statements today.

Witnesses:

- **Elizabeth Warren**, Leo Gottlieb Professor of Law, Harvard Law School
- **Dr. Jared Bernstein**, Senior Economist, Economic Policy Institute
- **Kristen Lewis**, Co-Director, *American Human Development Project*
- **David Kreutzer**, Senior Policy Analyst, Heritage Foundation (*Republican witness*)

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