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Opening Statement Representative Pete Stark Joint Economic Committee Hearing November 7, 2003

Thank you Chairman Bennett for holding this hearing. I would like to welcome Commissioner Utgoff and thank her for testifying here today.

The Bureau of Labor Statistics' October employment situation continued to paint a disappointing labor market picture. The unemployment rate was essentially unchanged at 6.0 percent. And by any meaningful measure, the jobless recovery drags on. When we need a few hundred thousand jobs a month, only 126,000 payroll jobs were added in October. Nearly 9 million Americans remain unemployed – with over 2 million out of work for 6 months or more.

This level of job creation, while better than expected, is probably not strong enough to keep up with the growing labor force, let alone erase the enormous jobs deficit any time soon. With this rate of job growth, it will still take another 19 months to climb out of the jobs hole we're in. The Democratic staff of the JEC has estimated that, because the labor force is growing, somewhere between 135,000 and 170,000 jobs per month need to be added to payrolls just to keep the unemployment rate from rising—that's only to maintain the status quo, not reduce unemployment.

Treasury Secretary John Snow recently predicted that about 2 million payroll jobs, or roughly 200,000 jobs per month, would be created over the next 12 months. This represents a substantial scaling back of expectations from what the Administration was predicting earlier this year, and it implicitly concedes that President Bush's record on job creation is going to be the worst of any President since Herbert Hoover.

In October, President Bush tied his father's dubious record as payroll jobs failed to return to their pre-recession level 31 months after the recession began (**Chart 1**). In fact, this is the only administration since Hoover's with a decline in total payroll jobs (**Chart 2**). We are in a deep hole in terms of job creation, and one that is far worse than in past business cycles (**Chart 3**). President Bush is presiding over the most persistent jobs slump since the 1930s, and he will smash – by a wide margin – the modern (post World War II) record for job creation futility currently held by his father.

Indeed, if Secretary Snow's estimate of 200,000 jobs per month proves to be on target, the nonfarm payroll deficit of 2.4 million jobs will not be erased until October 2004 – 43

months after the start of the recession. The private nonfarm payroll deficit of 2.9 million jobs will not be erased until January 2005 – 46 months after the start of the recession.

While we're on the subject of records, announced layoffs surged in October to nearly 172,000 for the month – the highest pace in 12 months. The October surge guarantees that 2003 will be the third year in a row that announced job cuts top 1 million.

The job market is obviously still tough, especially for the long-term unemployed, so temporary federal unemployment benefits should be renewed and expanded. The number of unemployment insurance (UI) beneficiaries who exhaust their benefits is now twice as high as it was at the start of the recession and it has not yet begun to fall. Federal extended benefits were kept in place in the early 1990s until there had been a substantial drop in the number of exhaustees, while the current federal program is scheduled to expire at the end of the year, when the number of exhaustees will still be very high.

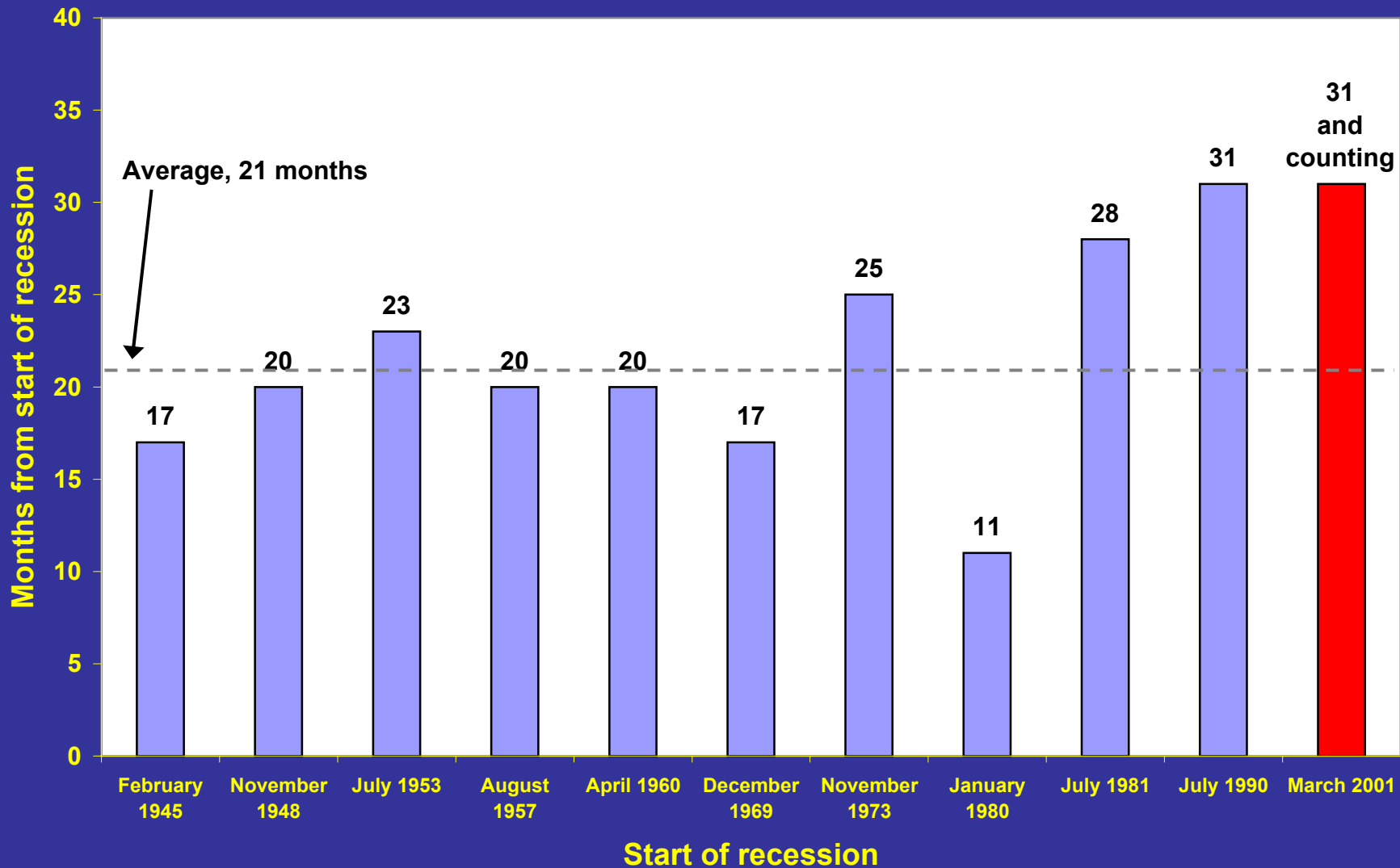
Last year, the Republicans turned their backs on the unemployed by allowing federal UI benefits to expire while Congress went home for the holidays. A retroactive extension of benefits was passed in the first few days of this year, but it hardly made up for the hardships that the families of the unemployed faced at the holidays. The President and Congressional Republicans should not let this terrible history repeat itself.

Thank you Mr. Chairman and I look forward to the testimony of Commissioner Utgoff.

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Chart 1: An Historic Job Slump

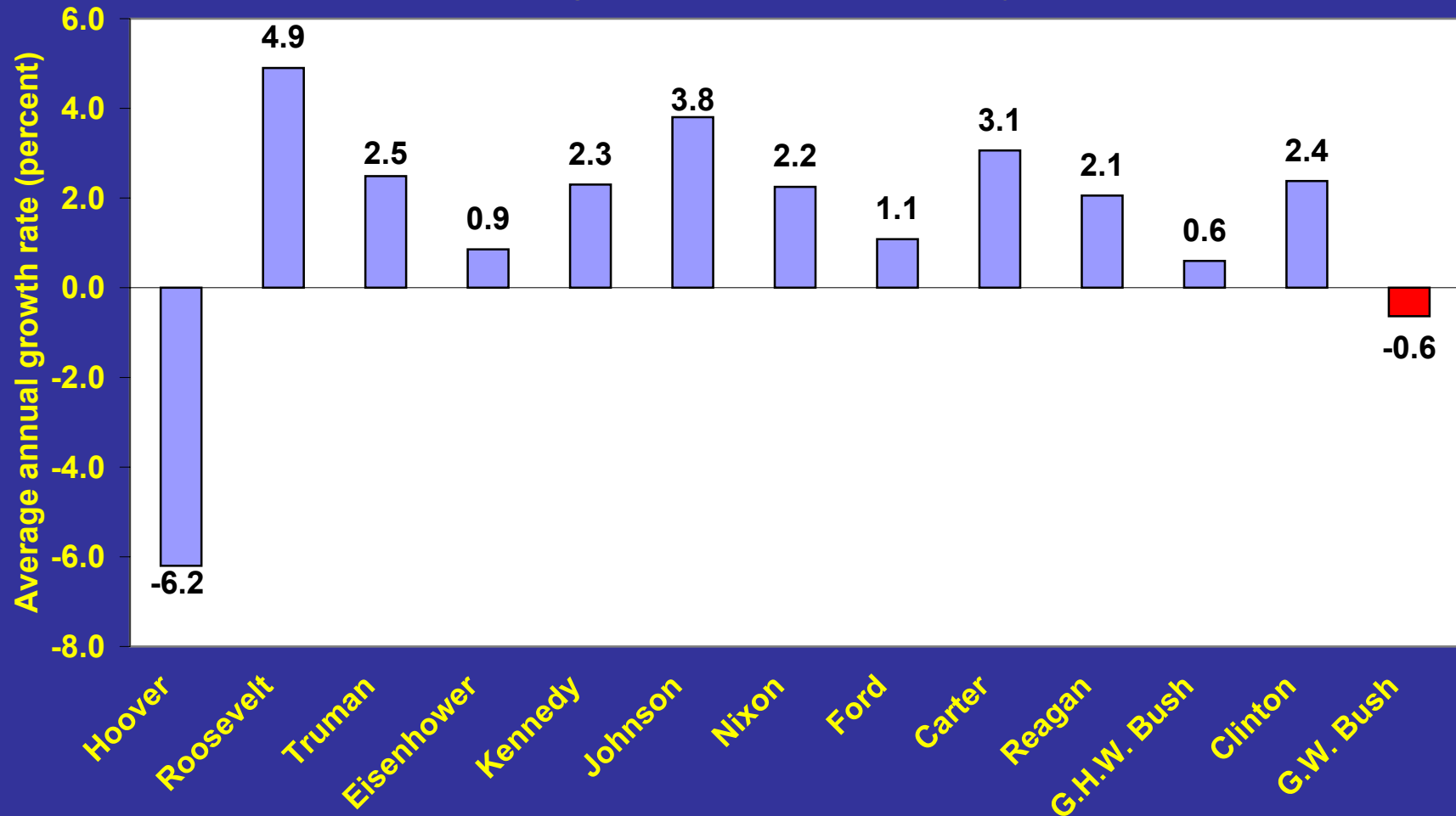
Number of Months to Get Back to Pre-Recession Level of Total Payroll Employment



Source: Bureau of Labor Statistics, U.S. Department of Labor; National Bureau of Economic Research

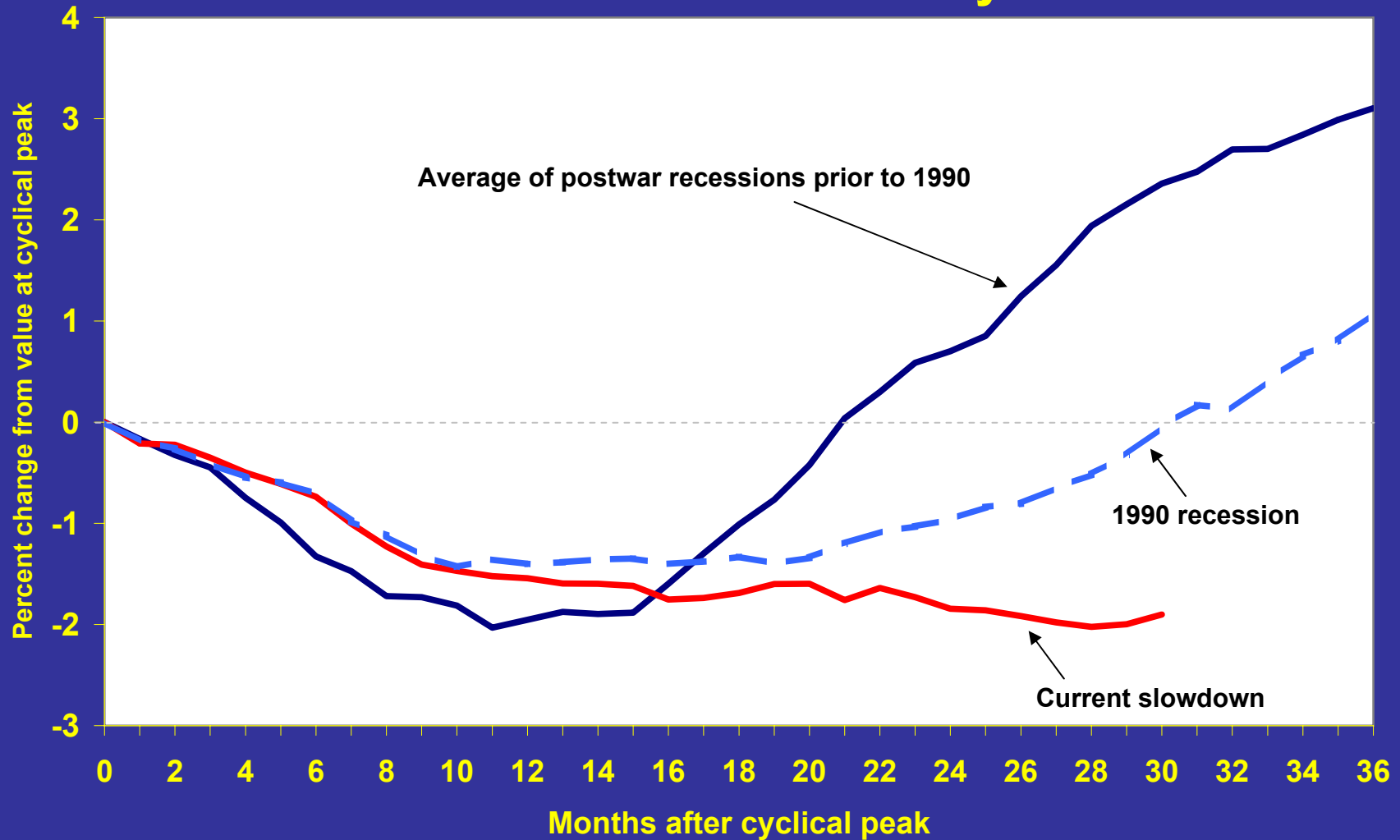
Chart 2: Bush Economic Record Only Administration in 70 Years with Decline in Total Payroll Jobs

Change in Private Nonfarm Employment



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

Chart 3: Decline in Total Nonfarm Payrolls in the Current and Previous Cycles



Sources: JEC Democratic Staff calculations using data from the U.S. Department of Labor and the National Bureau of Economic Research.