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# Congress of the United States

## Joint Economic Committee

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## Opening Statement Representative Pete Stark Joint Economic Committee Hearing September 5, 2003

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

I must say that I am disappointed that we are not having a second panel of expert witnesses on the economy as originally planned. Much to our embarrassment, we had to disinvite Dr. George Akerlof, Nobel laureate in economics and professor at the University of California at Berkeley, when we learned from the majority staff that all of their invitations to defend the Bush economic record had been declined. I'm sure the majority also did not relish facing such a formidable critic of the Administration's economic policies. Dr. Akerlof was recently quoted as saying that President Bush's fiscal policy is "a form of looting" and his economic policies are "the worst in our 200-year history." I would like to submit those interviews for the record.

The Bureau of Labor Statistics' August employment situation continued to paint a disappointing labor market picture. While the unemployment rate was essentially unchanged at 6.1 percent, the jobless recovery drags on, as another 93,000 payroll jobs were lost in August. Nearly 9 million Americans remain unemployed – with nearly 2 million out of work for 6 months or more.

The job loss record of the Bush Administration belongs in the Job Loss Hall of Shame. This is the only administration in 70 years with a decline in private sector jobs (**Chart 1**). Since the 1930s, the longest it has taken to recover private sector jobs lost in a recession was 33 months, during the 1990-91 George H.W. Bush recession and subsequent "jobless recovery" (**Chart 2**). In order for the current president not to surpass that dubious achievement of his father, the economy would have to create 818,000 jobs per month between September and the end of this year – an extremely unlikely pace of job creation (**Chart 3**).

The one job that has been created as result of the President's economic policy failures is a new assistant secretary of Commerce to focus on manufacturing. But the collapse of manufacturing jobs is a serious problem that requires our serious attention – not a cynical campaign offensive. A much better way for the Administration to show their concern for the unemployed in the near term would be to provide additional weeks of and broaden coverage of unemployment insurance benefits.

The economy has lost 3.3 million private sector jobs since the current President Bush took office and there are still no signs of a jobs recovery. The unemployment rate is not anticipated to fall quickly from its current level. The Congressional Budget Office (CBO) expects that the unemployment rate will average 6.2 percent – its current level – for calendar years 2003 and 2004.

CBO also says the record of employment growth over the past two years has been even worse than in the “jobless recovery” of the 1991-1993 period. Commissioner Utgoff, I hope you will be able to characterize the current jobless recovery and put it into the proper historical context for us.

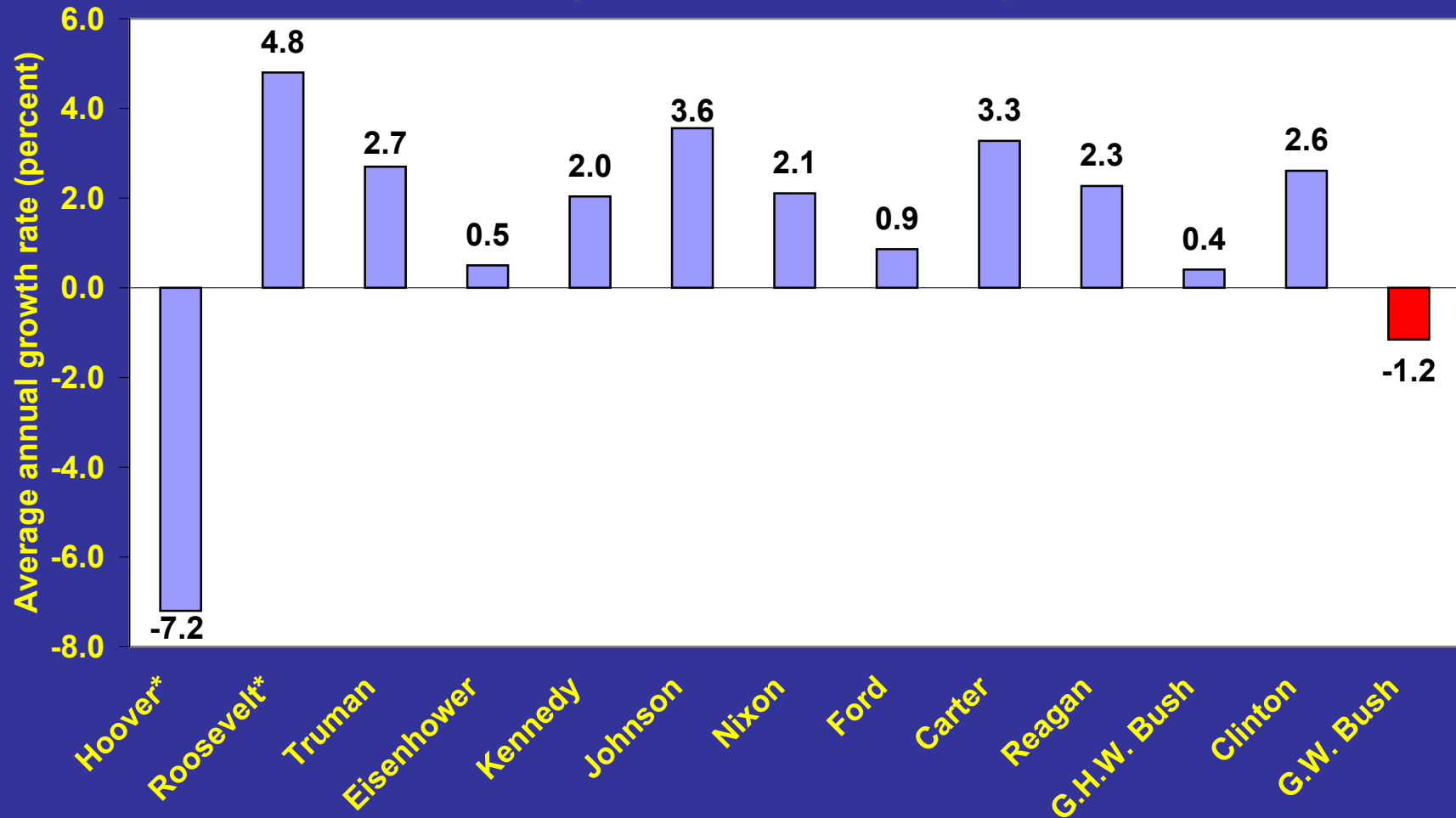
Thank you Mr. Chairman and I look forward to the testimony of Commissioner Utgoff.

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# Bush Economic Record

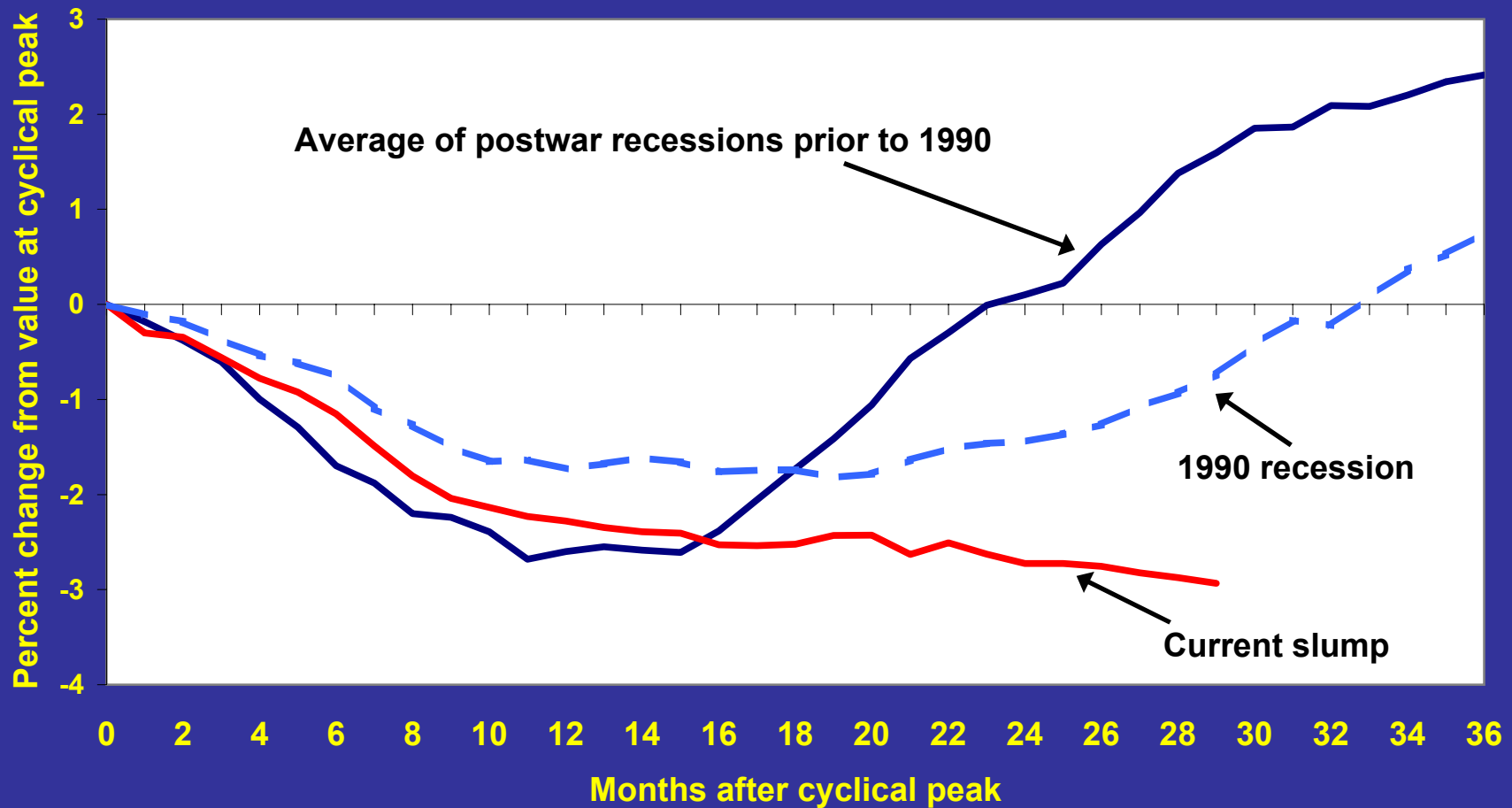
## Only Administration in 70 Years with Decline in Private Sector Jobs

Change in Private Nonfarm Employment



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

# Decline in Private Nonfarm Payrolls in the Current and Previous Cycles

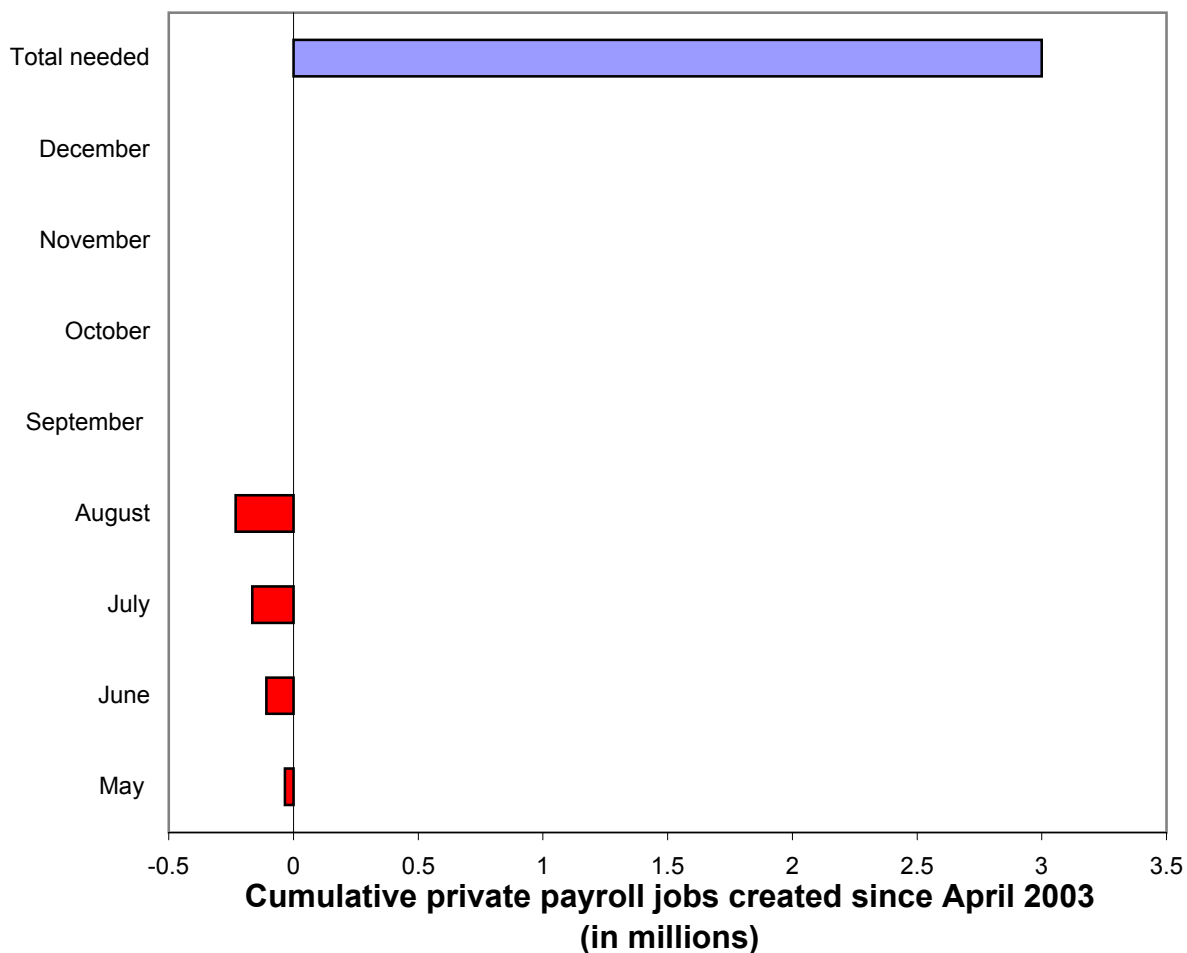


Sources: JEC Democratic Staff calculations using data from the U.S. Department of Labor and the National Bureau of Economic Research.

## Jobs Ticker

### 3.3 Million Jobs Needed to Avoid the Worst Jobless Recovery Since the 1930s

Jobs Created versus Jobs Needed



Source: JEC Democratic Staff, based on data from the National Bureau of Economic Research and the Bureau of Labor Statistics, U.S. Department of Labor.

In April 2003 there were just over 3 million fewer private sector jobs than there were when the recession began in March 2001. Among all previous business cycles since the 1930s, the one in which it took the longest to recover the jobs lost in the recession was the “jobless recovery” following the 1990-91 recession. However, 232,000 jobs have been lost since April. If private sector job creation does not average 818,000 new jobs per month from September through December, the current cycle will eclipse this dubious record.