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**Opening Statement  
Senator Jack Reed  
Vice-Chairman, Joint Economic Committee  
Hearing on the Economic Outlook  
July 17, 2002**

Thank you, Mr. Chairman. It is a pleasure to welcome Chairman Hubbard of the Council of Economic Advisers. The CEA has a critically important role to play in economic policy. It shouldn't be blind to politics, but it should be above politics in providing the President with the best and most objective economic advice it can.

I am looking forward to hearing Chairman Hubbard's views on the state of the economy, and I wouldn't be surprised if we have some spirited discussion about the Administration's latest forecast and its implications for budget and tax policy.

I have serious concerns about the economic policies that this Administration is pursuing. We are very fortunate that the worst fears about how September 11<sup>th</sup> would affect the economy were not realized. But I fear that we may be experiencing the same kind of jobless recovery that we saw the last time around, when the recession ended in March of 1991 yet unemployment kept rising until July of 1992 and the federal budget reached a record deficit of \$290 billion. Last month the unemployment rate bumped up to 5.9 percent and the number of unemployed people was nearly 2.4 million higher than it was when the recession started. Even though there was a small increase last month, the number of payroll jobs is lower now than it was at the beginning of the year. And, of course, every time we re-estimate the budget deficit it gets worse.

The Administration seems to believe that more tax cuts are the answer. But how do budget-draining tax cuts skewed toward upper-income taxpayers address the concerns of ordinary Americans? People are worried about their jobs and their pensions; they want to be sure that Social Security is on a sound footing and that they can afford prescription drugs; they want to be assured that corporate executives are honest or that they will be caught and punished if they are not; and they want to believe that the government is on their side, working to help them improve their lives.

On another matter, I would like to commend the CEA on its role in improving the quality of Federal statistics. The proposal the Administration unveiled last week to

enhance data sharing among the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis is an important step toward improving our ability to measure and understand a rapidly changing economy. The JEC too has had a long tradition of working to improve the quality of federal statistics. In fact, we are having a hearing next week on the topic of measuring economic change, and I look forward to working with the CEA on efforts to create a 21<sup>st</sup> century statistical infrastructure appropriate to a 21<sup>st</sup> century economy.

Dr. Hubbard, I look forward to hearing what you have to say about the economic outlook. I hope that the CEA is taking a hard look at economic realities, and can give us some constructive advice on how we can improve the employment picture while stimulating economic growth and avoiding a new round of ballooning deficits.