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**GREENSPAN SAYS EXTENDING UNEMPLOYMENT BENEFITS  
IS “A GOOD IDEA” AT JEC HEARING**

**Fed Chairman Cites “Exceptionally High Number” of UI Exhaustions as a “Special Case”**

Washington, D.C. – In testimony before the **Joint Economic Committee** (JEC) today, Federal Reserve Chairman Alan Greenspan reiterated his support for extending unemployment insurance (UI) benefits to long-term unemployed workers, saying that it would be “a good idea” because of the “exceptionally high number” of exhaustions.

In response to a question from JEC Senior Democrat **Rep. Pete Stark** (D-CA) about whether Congress should extend federal jobless benefits, Chairman Greenspan said that each week 85,000 unemployed workers are losing their unemployment insurance, “which is an exceptionally high number.”

“My view is that if we make the extension short – because it’s not going to be required for very long – I do think it’s a good idea,” said Greenspan. “And I think it’s a good idea largely because of the size of the degree of exhaustions, which is in a sense almost a special case.”

Chairman Greenspan also praised the current UI system as “as close to optimum as you can make such a system. It does not encourage undue unemployment by creating excess benefits, which means that people don’t seek jobs when they could. And yet its replacement rate of existing wages is – of course it’s never adequate – but it’s at a reasonable level.”

“Despite bipartisan majorities in both houses of Congress and the support of Chairman Greenspan for extending jobless benefits, House Republicans have thwarted efforts by Democrats to help nearly three million unemployed workers and their families avoid financial ruin,” said Rep. Stark. “The long-term jobless deserve additional unemployment benefits now – the President and the Republican-controlled Congress should just do it,” added Stark.

Payrolls have shrunk by 2.0 million (1.5 percent) since the recession began in March 2001. Long-term unemployment remained high last month, and now one in every four unemployed people – 2.0 million Americans – has been jobless for more than 26 weeks. The average length of a spell of unemployment is just over 20 weeks, near its highest level since early 1984.

Overall, there are 8.4 million unemployed Americans, and about 4.7 million additional workers who want a job but are not counted among the unemployed. An additional 4.7 million people work part-time because of the weak economy.

*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*

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