Opening Statement
Senator Byron L. Dorgan
Chairman, Democratic Policy Committee

"Putting Americans Back to Work:
Competing Visions for Job Creation"

Wednesday, December 16, 2009
628 Dirksen Senate Office Building

Today we are holding the second in a series of hearings on the issue of job creation in America.

The Obama Administration inherited the worst economic crisis since the Great Depression. That crisis has been described as the "Great Recession."

At our previous hearing, which took place earlier this month, we heard economist Mark Zandi testify that the "Great Recession" is over. Now, Mark Zandi is no partisan economist. In fact, he was an economic advisor to the McCain campaign. But Mark Zandi gave credit to the Obama Administration's economic recovery package for bringing an end to the recession.

However, talk of economic recovery is small comfort to Americans who have lost their jobs. Our country's unemployment rate now exceeds 10 percent. For every American who is out of a job, the unemployment rate feels more like 100 percent.

The Senate faces no question more important than how to get Americans back to work, and that question is the subject of today's hearing. We need to consider the best ideas for job creation, whether they come from Democrats or Republicans.

We have invited today economists from across the political spectrum, to have a discussion about their competing perspectives for job creation – and hopefully also identify areas of agreement.

I recall that in 2003, I chaired a hearing of the DPC on the issue of the economy, which featured two principal witnesses: Robert Reich and the late Jack Kemp.

At the time, the fact that we had invited Jack Kemp raised some eyebrows. Jack Kemp had been a Republican vice presidential candidate, a member of Congress for 18 years, and an enthusiastic proponent of President Bush's tax cuts. When he began his testimony, Jack Kemp said the following:

> *"I have great respect for your party. We need two great parties. We need to compete in the field of ideas and I admire you having these hearings and inviting someone from the other side so to speak."*

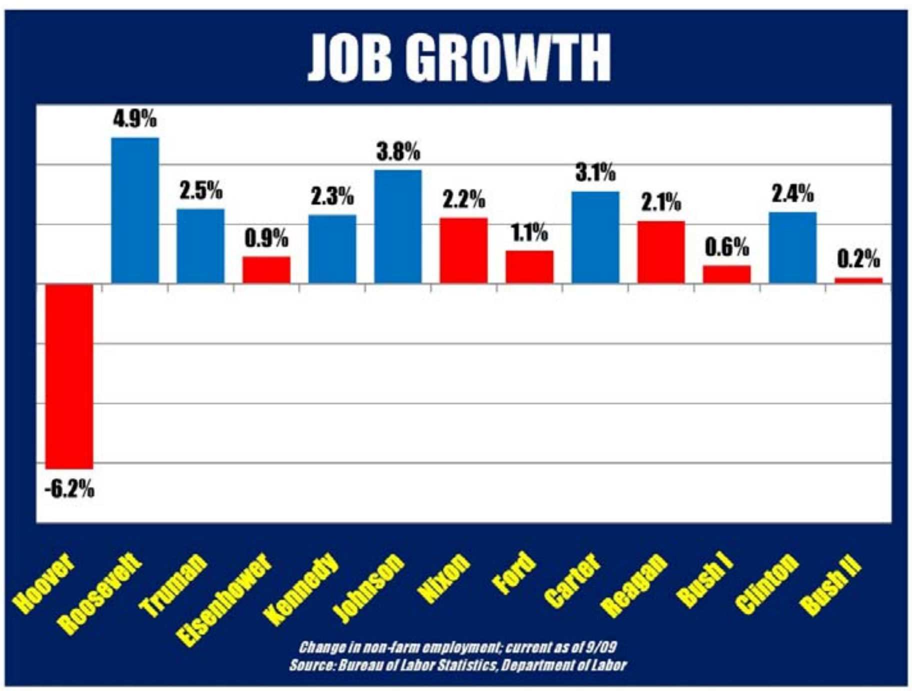
It is in that spirit that we are holding today's hearing on job creation.

There's nothing partisan about jobs. People who have jobs and people who need jobs don't care whether their job comes from a Republican idea or Democratic idea. They just want to work. They want and need a paycheck.

We certainly don't think only one party has all the good ideas. So we're taking a broad, wide look around today. We want the best ideas from both parties that can put people back to work.

This discussion, however, does take place with some historical context. Historically, the data suggests that Democratic policies have worked in a better way than Republican policies to put people back to work and strengthen the economy. That's the record of policies that aim to put people on payrolls.

I would like to show three simple charts that illustrate this.

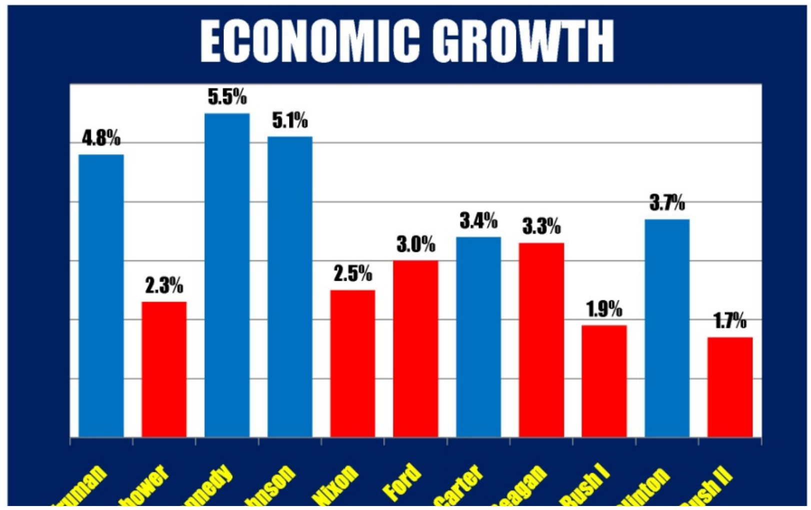


This first chart shows the record of job growth of every administration from Herbert Hoover to George W. Bush.

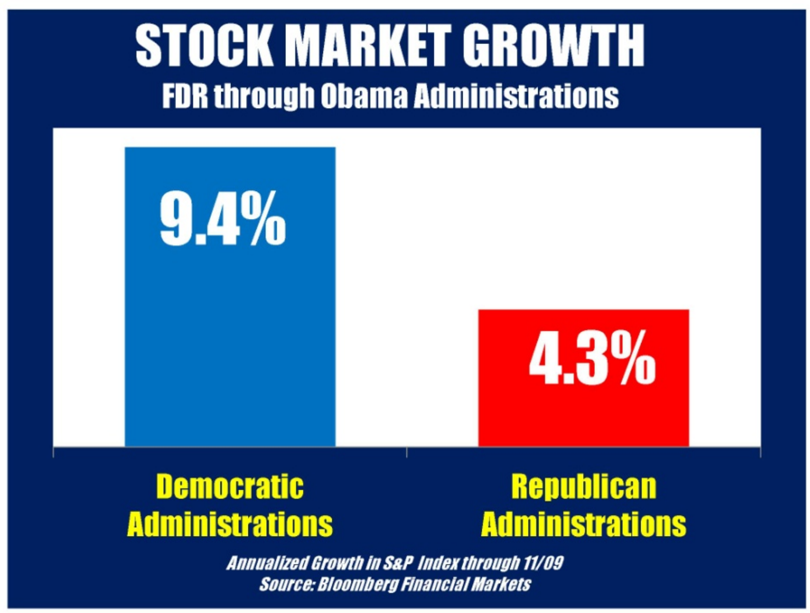
As you can see, only the Hoover administration had a net loss of jobs. Every other administration had at least some net job growth.

However, there is a distinct trend here: every Democratic administration - shown in blue on this chart – has had a better rate of job growth than every Republican administration – shown in red. If you look at this as a series of peaks and valleys, you see that the peaks are blue, and the valleys are red. The odds of this job growth pattern happening due to random chance is 1,700 to one.

The next chart shows the rate of economic growth from the Truman to the George W. Bush Administration. This is the growth in the average annualized real GDP. And again, as you can see, there is a distinctive pattern: the greatest economic growth has come in the five Democratic Administrations.



Finally, I'd like to show a chart that shows the performance of the stock market over the years. From FDR through the current administration, the average growth in the S&P index has been 9.4% in Democratic administrations, and 4.3% in Republican administrations. And that does not include the Hoover administration, which would have essentially driven the stock market growth rate for Republican administrations to zero.



Now, I don't expect that our panel today will agree unanimously with the conclusions that these numbers suggest, and that's OK. I believe that we need the best ideas that each party has to offer. I just wanted to make the point that there is a pattern that has emerged over the years, and that in considering various policy options, we might want to take the historical record into account.

Our witnesses today are four respected economists, who span a wide range of philosophical points of view.

Gene Sperling currently serves as counselor to Treasury Secretary Timothy Geithner. He formerly served as Director of the National Economic Council under President Clinton.

Lawrence Lindsey is President and CEO of The Lindsey Group, an economic advisory firm in Washington, DC. From 2000 to 2002, Mr. Lindsey served as chief economic advisor to the Bush presidential campaign, and as Director of the National Economic Council under President George W. Bush.

Martin Baily is the Bernard L. Schwartz Chair in Economic Policy Development at the Brookings Institution, where he specializes in economic policy, productivity and competitiveness. From 1999 to 2001, Mr. Baily served as the Chairman of the Council of Economic Advisers under President Clinton.

Douglas Holtz-Eakin is President of DHE Consulting, LLC, a management consulting firm. He served as Director of Economic Policy for the McCain presidential campaign. From 2003 to 2005, he served as Director of the Congressional Budget Office. Previously, Mr. Holtz-Eakin was Chief Economist at the Council of Economic Advisers under President George W. Bush.

I thank the witnesses for testifying today.