



Statement of Carolyn Maloney
Joint Economic Committee Hearing
August 6, 2010

"Today's Employment Report from the Bureau of Labor Statistics shows that in July, the economy added 71,000 private sector jobs, the seventh straight month of employment gains in the private sector. Since the beginning of the year, the economy has added 630,000 jobs in the private sector.

As expected, the June report also showed a sharp decline in temporary Census workers causing total nonfarm payrolls to decline for the second month this year. Additionally, the June employment report showed that the unemployment rate remained unchanged at 9.5 percent.

Although the overall unemployment rate has declined from its peak of 10.1 percent in October, not all demographic groups are seeing the same trends in unemployment rates. For example, the unemployment rate for African American workers continued to rise after October, although the current unemployment rate of 15.6 percent is lower the peak of 16.5 percent.

In addition to overall private sector job gains,

- Manufacturing employment has risen for seven months in a row, after falling 3 straight years. The last time this sector gained jobs for 7 months in a row or longer was in 1998.
- GDP grew for the fourth consecutive quarter in the second quarter of 2010 with businesses' purchases of equipment and software growing by 20 percent for the second quarter in a row.
- Surveys of both the service sector and the manufacturing sector show that growth is expected to continue.

But we have to be patient. The path to recovery is never a straight line. For the millions of workers who lost their jobs, it will take time for them to become employed again. The recent GDP report from the Bureau of Economic Analysis also told us that this recession was even more severe than previously reported. We now know that GDP fell by 6.8 percent in the fourth quarter of 2008 and fell by 4.9 percent in the first quarter of 2009.

A recent study by noted economists Alan Blinder and Mark Zandi shows that without the actions taken by the Administration, Congress and the Fed, this recession would have been another Great Depression. Without these actions, we would have lost another 8 ½ million jobs by the end of 2010.

We have made real progress in the past year. While today's job gains are not as robust as earlier this year, the trend is in the right direction. But we cannot let down our guard. The recovery is still fragile and our economy is still vulnerable. The policies that Democrats in Congress quickly put into place over the last year are working.

Policies DO matter.

That is one reason I am glad to see that yesterday, the Senate passed legislation to extend funding to states to pay for their increased Medicaid costs and to provide additional funding for teachers. The Department of Education estimates that 140,000 teacher jobs will be saved because of this increase in funding. The House will be reconvening on Tuesday to pass this legislation so that it will be in place before the school year begins.

This legislation will also help the economy grow. According to the CEA's fourth quarterly report, aid given to the states in the Recovery Act was quickly implemented and provided a large boost to the economy.

Recently, the JEC Majority Staff took a deeper look into the employment increases in the manufacturing sector seen in 2010. Most of the job creation in the manufacturing sector is in the durable goods sector, and may be due to inventory restocking or temporary export surges due to fiscal stimulus in other countries. Manufacturing is a key source of good jobs that can play an important role in spurring growth in other sectors of the economy.

This JEC report shows that Congress and the Administration need to take further actions to create a robust rebound in manufacturing employment.

Some actions have been taken by the House of Representatives already but we need to do more.

In particular, more actions are needed to help small businesses. The House has already passed legislation to help small businesses get credit and provide tax credits for these engines of job creation. It is time for all members of Congress to work together to pass legislation that will create jobs and put the American people first."

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