



JOINT ECONOMIC COMMITTEE
ROBERT F. BENNETT, CHAIRMAN

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Chairman's Opening Statement **Senator Robert F. Bennett**

Hearing of the Joint Economic Committee **"The Employment Situation"** **November 7, 2003**

Good morning and welcome to today's employment hearing. Like virtually every other economic statistic reported in the past month, the employment numbers released today are definitely good news for the American worker. No matter how you cut it, the economy is adding new jobs at a rapid pace and will likely continue to do so for the foreseeable future.

The official payroll statistics indicate that the U.S. economy created 126,000 new jobs in the month of October, the third month in a row that payroll employment rose. The revised numbers now indicate that 125,000 jobs were added in September. The Unemployment rate declined to six percent.

The household survey reported that employment increased by an astounding 441,000 in September. According to the household survey, our economy has now essentially replaced all of the jobs lost during the 2001 recession and the number of jobs is now at an all-time high.

I believe that today's employment numbers, along with the steep drop in new jobless claims and the large increases in productivity and output, indicate quite clearly that the U.S. economy is returning to a period of strong growth.

For instance, the Bureau of Labor Statistics reported yesterday that productivity grew at an annual rate of 8.1% in the third quarter of 2003. Some of my colleagues tend to gnash their teeth at the high productivity growth of late, lamenting that firms are learning how to do without workers. However, our experience in the last 30 years tells us that periods of rapid increases in the productive capacity of our economy are almost always accompanied by low unemployment. *Increasing our standard of living and employment at the same time requires healthy productivity growth.*

Today's data remind us again of the ongoing divergence between total employment as measured by the two surveys conducted by the BLS. While the payroll survey reports a decline of roughly 750,000 payroll jobs since the end of the recession in November 2001, the household survey still reports nearly one and a half million newly employed workers since then. I encourage the BLS

to continue researching this discrepancy and welcome any additional information you might provide us on this topic.

It is too easy for the party in power to take the blame when the economy slows, and for that reason it is all too tempting to try to take all the credit when things turn around. In reality government holds little sway over the business cycle, despite what some may think or desire. Our economy floundered in the middle of the year 2000 in large part due to a hangover from the high-tech boom, likely abetted by a rise in interest rates. The stagnant economy was prolonged by the 9-11 disaster and the resultant uncertainties in the Middle East, high energy prices, and the various scandals in the financial markets. That our economy steadily expanded in the face of so many potentially calamitous events in succession is a testament to the ability and dedication of the American worker as well as to our economic system.

That is not to say that government cannot spur the economy. The Bush tax cuts enacted in 2001 undoubtedly softened the blow of the events that befell the economy and served to make the recession shallower than it otherwise would have been, and the tax cuts passed *this* year provided some needed impetus at the right time.

Dr. Utgoff, it is always a pleasure having you visit us, but we especially enjoy it when you come bearing such good news. Welcome to the Joint Economic Committee, and we look forward to hearing your testimony.