Statement of Carolyn Maloney
Joint Economic Committee Hearing
December 3, 2010

"Today's Employment Report from the Bureau of Labor Statistics shows the economy added 50,000 private sector jobs last month, making November the eleventh straight month of employment gains in the private sector.

Since the beginning of the year, the economy has added 1.2 million jobs in the private sector. Private payrolls grew by an average of 79,000 jobs per month in the first quarter of 2010, 118,000 jobs in the second quarter, and 124,000 jobs in the third quarter. While job creation has picked up, the unemployment rate remains unacceptably high. This morning's employment report showed that the unemployment rate edged up to 9.8 percent in November.

In addition to overall private sector job gains, GDP grew by 2.5 percent in the third quarter of 2010 due to stronger consumer spending. This is the fifth consecutive quarter of growth. Retail sales have risen steadily for the past 4 months. Excluding the more volatile sales of cars and gasoline, retail sales have increased steadily since June. Surveys of both the service sector and the manufacturing sector show that growth is expected to continue.

When I became Chair of the JEC in January 2009, the economy was still reeling under the shocks of the Great Recession. As CEA Chair Christina Romer pointed out at one of our hearings last year, our economy endured shocks during the 2007 recession that were even greater than those experienced during the Great Depression. As my chairmanship has unfolded, this Committee has closely monitored the employment situation and tracked its rebound.

Over the past two years, the Joint Economic Committee held close to 50 hearings and issued over 40 reports. In 2010, consistent with its mission to monitor the employment situation of the country, the Joint Economic Committee focused on job creation, holding hearings on problems in the labor market and solutions to spur employment. Job creation was also the central focus of the JEC annual report, our mandated analysis of the Economic Report of the President released earlier this year.

While the economic shocks of the Great Recession will take time to heal, our economy has made measurable progress in the past year. The policies that Democrats in Congress quickly put into place over the last year are working.

Policies DO matter.

We passed the HIRE Act, which provides a payroll tax credit for businesses that hire unemployed workers. We passed legislation to promote hiring by smaller establishments—the engines of job creation in our economy—providing additional tax incentives to small businesses, helping them access credit, and raising the cap on SBA 7(a) loans from $2 million to $5 million. We extended aid to states to pay for their increased Medicaid costs and provide additional funding for teachers.

The Department of Education estimated that 140,000 teacher jobs were saved because of this increase in funding. We passed legislation to help our domestic manufacturers by reducing the tariffs on the imported goods necessary to manufacture their products.

We also extended unemployment benefits to unemployed workers who have been hard hit during this recession. The most recent extension did not raise the number of weeks that unemployed workers could receive benefits; but it did reauthorize the program so that unemployed workers could continue receiving those critical benefits.

However, as we are all aware, the latest extension of unemployment insurance benefits ran out this week.

For most of the unemployed, the expiration of these benefits will mean that unemployment benefits will stop as soon as they enter their 27th week of unemployment—at a cruel time when more than 40 percent of the unemployed have been out of work at least 27 weeks. If Congress does not act quickly to renew these benefits, nearly 2 million unemployed workers will lose their benefits during the holiday season.

Although preliminary reports show a bump up in consumer spending on Black Friday and Cyber Monday, the loss of unemployment benefits will have a significant impact on retail spending in the weeks and months to come.

Prematurely ending the federal unemployment insurance benefits program will drain the economy of $80 billion in purchasing power and cost the economy up to a million jobs over the next year. According to the nonpartisan Congressional Budget Office, unemployment benefits are one of the most effective tools for boosting economic growth and employment. Allowing the federal unemployment insurance program to expire when the unemployment rate is well over 9 percent would be unprecedented.

For every recession that has called for Congress to provide emergency unemployment benefits over the past six decades, Congress has <u>never</u> let those benefits expire with the unemployment rate above 7.4 percent.

This is a tragic time to break from precedent – it is unfair to the millions of families counting on these benefits, and unwise for an economy that is still recovering from the Great Recession.

I hope that we can count on our Republican colleagues in both chambers to do the right thing and vote to maintain the current federal unemployment insurance program.

###