JOINT ECONOMIC COMMITTEE
Congresswoman Carolyn B. Maloney, Chair
UNITED STATES CONGRESS
Opening Statement

Statement of Carolyn Maloney
Joint Economic Committee Hearing
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"Just over one year ago, the current Administration took office while the country was suffering from the worst economic crisis since the Great Depression. In fact, last October, Council of Economic Advisers Chair Christina Romer testified to this committee that the shocks we endured in the "Great Recession" were actually worse than those of the Great Depression.

But today, it is clear that America is on a path toward economic recovery:

- After 4 straight quarters of negative growth, the economy grew during the last two quarters of 2009. There is a consensus that when the latest GDP numbers are announced tomorrow, we will see that our economy continued to expand during the first quarter of 2010.
- The most recent employment report showed that 162,000 jobs were created in March, with three-fourths of those new jobs coming from the private sector.
- Manufacturing employment has been up for 3 straight months.
- Sales of cars and light trucks were up in March.
- Excluding aircraft orders, durable goods orders were up almost 3 percent in March.
- Retail sales were up 1.6 percent in March, the third straight month of growth.
- Sales of both existing and new homes increased in March with sales of new single family homes rising by almost 27 percent.
- And many surveys of the economy are optimistic about growth in both the service and manufacturing sectors.

These improvements in our economy are proof that actions taken by Congress, the Fed, and the Administration have put our economy back on track. While we are making progress, the road to recovery will not be without bumps. Although we saw significant job creation last month we need stronger job creation to reduce unemployment. In addition, while the unemployment rate rose during this recession, it is the rise in the long-term unemployment rate that is especially troubling. Nearly half of the unemployed have been without work for over 6 months and more than a quarter of unemployed workers have been looking for work for over a year -- even before the Recovery Act was signed into law.

Some groups are suffering more than others. Younger workers, less educated workers, and

African-American workers are among those who are likely to be unemployed and stay unemployed. The painful aftermath of long-term unemployment is borne by the unemployed, their families, and the economy as whole.

While the long-term unemployed earn 30 percent less in their new jobs than before they lost their jobs, even 15 to 20 years later, these workers' earnings are still about 20 percent less than similar workers who didn't lose their jobs. The scarring effect of long-term unemployment also reaches into the next generation. The children of displaced workers have lower earnings and are more likely to be unemployed than those whose fathers had stable employment.

Finally, the costs to the economy in terms of lost output are great, which will have an impact on our debt and deficit. $3.1 trillion of the deficit over the next 10 years can be attributed to the recession, due to lost and lower incomes and the need for government assistance during periods of unemployment.

While many believe that a "rising tide will float all boats" and that a growing economy is all that we need to help the long-term unemployed, it is clear that targeted provisions are needed to move the large numbers of unemployed back into the labor force.

Congress passed legislation to lessen the depth of the recession, including:

- The Recovery Act, which provided tax relief for 95 percent of American families and created jobs while investing in clean energy technologies, infrastructure, and education;
- The Worker, Homeownership & Business Assistance Act, which expanded the first-time homebuyer tax credit, and enhanced small business tax relief.
- And just last month, Congress passed the HIRE Act, which provides tax incentives for businesses that hire out-of-work Americans.
- The House of Representative passed the Disaster Relief and Summer Jobs Act of 2010, which supports an additional 300,000 summer jobs for young workers.

But, when it comes to long-term unemployment we need to do more. That is why we are particularly fortunate to have such a distinguished panel of labor economists before us. We owe it to the unemployed workers – some of whom are watching this hearing, their families and to our economy to search for ways of getting all workers jobs.

At a recent JEC hearing, Dr. Berner, Chief Economist of Morgan Stanley said that we have a responsibility to look under every rock for solutions.

I look forward to looking under new rocks this afternoon with today's panel as we search for solutions to the problem of long-term unemployment."

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