



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER, CHAIRMAN
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The Employment Situation: January 2008
JEC Chairman, Senator Charles E. Schumer
Opening Statement
February 1, 2008

Good morning. I am pleased to call this hearing to order – a hearing that resumes the long-standing tradition of the Bureau of Labor Statistics coming before the Joint Economic Committee to present the findings of its monthly jobs report. Given the important information these numbers can provide us on the health of the economy, I am hopeful that this is only the beginning of a conversation we will have throughout the course of the year.

I am also pleased to be the first to welcome Dr. Keith Hall, to his first hearing on Capitol Hill as the Senate-confirmed Commissioner of the Bureau of Labor Statistics.

Today, unlike six months ago, everyone from the boardroom table to our kitchen table is keenly aware of our economic problems and looking for ways to secure our economic future.

But now the new worry is jobs – even more troublesome to our economy. In fact, I’m concerned that the last few years of lower than expected job growth will look good compared to the job shrinkage we may well see in the coming months.

First it was housing, then it was consumer credit and consumer spending, and now it is jobs. Our economic problems started last year with the subprime mortgage crisis, but they have gotten much worse as that mess spread to the broader housing market, squeezed credit markets, cut consumer spending, and now has affected the job market.

This should be a wake up call for the administration. Given today’s jobs numbers, they should abandon their ideological opposition to spending stimuli, such as unemployment insurance, because every economist will tell you that stimulus spending will get into the economy much quicker than a tax rebate, which we’re all for.

The administration needs to take off its ideological handcuffs to enact an economic stimulus package quickly, which is strong and directed, and not limited by ideological constraints.

Any doubts that we are heading into a recession should be erased with today’s employment report.

This morning, we learned officially that the U.S. labor market is faltering. Today's labor statistics show that job growth – which we already knew was bad, is even worse than we thought. According to this morning's report, annual job growth for 2007 was less than 1 percent for the first time since 2003.

During the month of January, our economy actually lost 17,000 jobs. In a normal period of economic expansion, just to keep pace with a growing population, we should expect a monthly job report to show that the U.S. economy added 150,000 to 200,000 jobs in one month. But this morning's report tells a very different story.

Declines in the housing sector have negatively impacted construction jobs, and workers in the mortgage and credit industry. Over the past year, construction has lost **278,000 jobs** and **104,000 jobs** have been lost in the credit industry.

Since 2000 we have seen productivity rise an average of 2.5 percent per year. But economic growth has not been shared by all. For years, wages have lagged far behind growth in productivity

While today's numbers might be news to some here in Washington, they certainly are not news to millions of American families trying to make ends meet. As employers have stopped hiring, we have seen millions of Americans struggling to find employment. Today, approximately 7.6 million are out of work and actively looking for a new job. Our nation's unemployment rate was 4.9 percent in January; almost a full point higher than it was when President Bush took office in 2001.

This rate doesn't even include those who are working part time but need full time work or those who have given up their job searches entirely. If we include these Americans, the full UNDER-employment rate would be 9.0 percent.

The employment picture is particularly bleak in minority communities. The unemployment rate for blacks was more than **double** that of whites. And at 6.3 percent, the Hispanic unemployment rate was also significantly higher than that of whites.

At the same time, long term unemployment has soared. Almost 20 percent of the unemployed have been out of work for more than 26 weeks. Under current law, these people are no longer eligible to receive unemployment insurance – making a difficult time even more trying.

While lower than expected job growth has been characteristic of this administration, if it continues, it can be a dangerous situation for a growing population and a global economy.

In the last month in particular economists from conservative former Federal Reserve Chairman Alan Greenspan to liberal New York Times columnist Paul Krugman and others have suggested that we are teetering on the brink of a recession. The data that has been released today seems to bears that out.

And the bad numbers are not in jobs alone. This week we have also seen new reports showing record drops in home prices, sales, construction, and equity – thrusting Americans into the worst housing market in over 20 years.

On Wednesday we learned that the U.S. economy last quarter just about stalled – the Commerce Department measured a mere 0.6 percent growth in Gross Domestic Product (GDP). All the warning signs indicate that Washington should give the economy a good shot in the arm, and I’m hopeful we can deliver that very soon.

I was pleased to join my colleagues on the Senate Finance Committee on Wednesday in passing an economic stimulus package that protects those who have been out of work for more than 6 months and are struggling to make ends meet. I am hopeful that the Senate can soon pass a stimulus package that provides quick aid to those who have been most directly affected by this economic downturn and that the President will quickly approve such a package. Unemployment insurance is a highly effective form of economic stimulus, generating \$1.73 of economic growth for every \$1 spent. We should not abandon this proven stimulus measure because the administration is ideologically opposed to such a program.

I look forward to hearing more about today’s labor statistics from Commissioner Hall, and am hopeful that today’s hearing will shed even greater light on what we in Washington must do to protect American workers from the sagging economy.