

Representative Baron P. Hill
Opening Statement
Joint Economic Committee Hearing: “The Employment Situation”
April 4, 2008

Good morning. I am honored that Chairman Schumer and Vice Chair Maloney have asked me to preside today.

I want to welcome Commissioner Hall and thank him for testifying here today on the March employment situation.

I have a vested interest in these numbers as I have seen first hand how the recent economic downturns have affected my constituents. In Bloomington, Indiana, the GE refrigerator plant announced in February that it will close by the end of 2009. This will result in a loss of 900 jobs for the area. Job losses like this are occurring throughout the country, as today’s employment numbers highlight.

The labor market news keeps getting worse and today’s report is no exception. The unemployment rate jumped to 5.1 percent in March and nonfarm payroll employment fell 80,000 jobs. March marks the third consecutive month of jobs losses, for a total of 232,000 jobs lost in the first quarter of this year. We haven’t seen job losses like this for nearly five years.

On Wednesday, Federal Reserve Chairman Ben Bernanke told this committee that a recession is possible. Yesterday brought news that weekly unemployment benefit claims rose above 400,000, a level that typically signals that the labor market is already in recession. Indeed, the Federal Reserve and many private sector economists expect unemployment to climb throughout the year.

We seem to be a long way away from a healthy economy – which usually adds about 150,000 to 200,000 jobs each month – since the economy has lost 77,000 per month on average in the first quarter of this year. The widespread job losses we are seeing are a clear indication to me that the economy is in trouble.

For nearly two years now, the manufacturing industry has shrunk and since the beginning of 2006, motor vehicles and parts manufacturing alone has lost 172 thousand jobs. These trends adversely affect my state’s economy, as Indiana has a high proportion of manufacturing jobs compared to the rest of the country. In Indiana we have seen an average unemployment period of 9 weeks. And, as of the fourth quarter of 2007, 40 percent of unemployed Hoosiers have now exhausted their unemployment benefits, the eleventh highest rate in the nation.

Congress should consider a proposal to provide an extension of unemployment benefits that would last an additional 13 weeks for those who have exhausted their regular six month benefits while looking for a new job. Workers who could receive these

benefits are those who have lost their job through no fault of their own – they have the bad luck of working for a business that must lay off workers or close its doors due to the weakening economy, like the workers in the Bloomington GE plant. Extending unemployment benefits to struggling workers should be a high priority.

Wages are not keeping up with the rising cost-of-living. Sky-high gas prices and rising healthcare costs add to the pinch for families. These elements have combined to create the lowest consumer outlook for the economy in 35 years.

I want to thank Mr. Hall and his colleagues for being here to discuss today's labor statistics, and I look forward to the continued focus on labor market conditions by this Committee.