CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE
CONGRESSMAN KEVIN BRADY
RANKING REPUBLICAN HOUSE MEMBER
NEWS RELEASE

For Immediate Release
July 2, 2010

Press Release #111-37
Contact: Robert O'Quinn
(202) 226-4065

STATEMENT OF CONGRESSMAN KEVIN BRADY

Employment Situation in June 2010

I am pleased once again to join in welcoming Dr. Hall before the Committee this morning.

Today's report is bad news for American workers and their families. Total non-farm payroll employment decreased by 125,000. Even after excluding the layoffs of 225,000 temporary Census workers, private sector payroll job growth remains anemic at 83,000. At this slow pace it will take much of the decade to return to normal employment levels.

While the unemployment rate fell to 9.5 percent, it fell for the wrong reason, a precipitous drop of 652,000 in the labor force. The number of discouraged and other marginally attached workers that have stopped actively seeking jobs rose to 2.6 million, an all-time series high. And 6.8 million American workers have remained unemployed for six months or longer.

In January 2009, President Obama promised that the Democrats' economic program would restore confidence and jump-start the U.S. economy. Last month, the Conference Board's Consumer Confidence Index fell dramatically by 9.8 percentage points to 52.9. Consumer confidence is flagging because families are frightened by dangerous deficits as far as the eye can see.

As for jump-starting the economy, two of the Administration's top economists, Christina Romer and Jared Bernstein, predicted that if Congress were to pass the President's stimulus bill then (1) the unemployment rate would remain below 8.0 percent, and (2) non-farm payroll employment would increase to 137.6 million by the fourth quarter of 2010. Democrats in Congress enacted the *American Recovery and Reinvestment Act* on February 17, 2009, but this stimulus has fallen far short of these predictions.

The growth of real GDP slowed by more than one-half from 5.6 percent in the fourth quarter of 2009 to 2.7 percent in the first quarter of 2010. A number of economic indicators flashed yellow in the second quarter of 2010, suggesting that economic growth may be sluggish for the remainder of this year and 2011. Americans don't see an economy in recovery, they see a White House seemingly incapable of protecting our beaches or getting people back to work.

This anemic economic performance after the recession that began in December 2007 is in sharp contrast to the robust economic growth that benefited American workers and their families after the 1981-1982 recession. During the first three quarters of recovery, the real GDP growth rate averaged 7.5 percent under Reagan compared with 3.5 percent under Obama. Eleven months into the recovery under Reagan, payroll employment increased by 2.8 million, and the unemployment rate fell by 2.3 percentage points. In contrast, twelve months into the Obama recovery, payroll employment has fallen by 195,000.

President Reagan's economic policies were a tailwind accelerating real GDP growth. President Reagan pursued pro-growth policies including large reductions in marginal tax rates, deregulation, and trade liberalization. Combined with the disinflationary monetary policies under Federal Reserve Chairmen Paul Volcker and Alan Greenspan, Reagan laid the foundation for two decades of prosperity.

In contrast, President Obama and Congressional Democrats have pursued largely anti-growth policies that have hindered this recovery. Businesses are slow to hire because they fear higher taxes, job killing regulation and a dysfunctional Washington that is ideologically driven and increasingly anti-business. Instead of providing encouragement, President Obama and this Congress have given entrepreneurs reason to worry.

Ominously, President Obama and Congressional Democrats are insisting on reckless increases in federal spending both now and in the future. This puts the triple-A reputation of the U.S. government into jeopardy for the first time since Secretary of the Treasury Alexander Hamilton miraculously resurrected the finances of the United States after the Revolutionary War and put us on the road to becoming the world's economic superpower.

The Congressional Budget Office projects that under the President's budget, federal spending will grow to 25.2 percent of GDP, well above its post-war average of 19.5 percent of GDP. A structural budget deficit in excess of 4 percent of GDP will persist through the next decade. Consequently, publically held federal debt will rise to 90.0 percent of GDP by the end of fiscal year 2020. In *The Long-Term Budget Outlook* released two days ago, the Congressional Budget Office projects that under the alternative fiscal scenario, which keeps current policies in place, uncontrolled spending growth will cause the publically held federal debt to explode to 947 percent of GDP by the end of fiscal year 2084.

President Obama and Congressional Democrats are pursuing reckless fiscal policies that are clearly unsustainable. Unless their excessive spending, deficits, and debt accumulation are quickly reversed, the United States may experience a debt crisis similar to Greece. We are putting the future of our children and grandchildren in grave jeopardy. Unlike Greece, however, no one will be around to bail us out.

Dr. Hall, I look forward to hearing your testimony.

###