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

For Immediate Release
August 6, 2010

Press Release #111-40
Contact: Robert O'Quinn
(202) 226-4065

STATEMENT OF
CONGRESSMAN KEVIN BRADY

Employment Situation in July 2010

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

Unfortunately, today we received more bad news for American workers and their families. The unemployment rate remained elevated at 9.5 percent. Total non-farm payroll employment decreased by 131,000. After excluding the layoffs of 143,000 temporary Census workers, private sector payroll job growth remains anemic at 71,000. At this slow pace it will take much of the decade to return to normal employment levels.

Despite their promises, the economic plan of President Obama and Congressional Democrats has failed to restore consumer confidence – a key element to economic recovery.

The University of Michigan's July Index of Consumer Sentiment fell dramatically by 10.8 percent to 67.8, the lowest level in a year. The Index of Consumer Expectations fell even further to 62.3, the lowest level since March of last year - the month after Congress enacted the stimulus.

According to Richard Curtin, the economist in charge of producing theses indices:

> *Rather than the economy gaining strength, consumers now anticipate a slowing pace of growth, and rather than economic policies acting to improve prospects, the policies of the Obama Administration have increased economic uncertainty among consumers. Overall, the data suggest that the current slowdown in spending is likely to persist well into 2011 as it reflects a widespread and general realignment of job and wage expectations. While a double dip is still unlikely, it now has a non-ignorable 25% probability.*

It's discouraging to American workers and small businesses that this unusually sluggish, sub-par recovery will persist well into next year.

But it's not surprising.

Along with the failure of the massive Democratic stimulus to put people back to work – except in federal government jobs – families and businesses fear the dangerous levels of debt incurred by this Congress and a host of job-killing, anti-growth policies coming out of Washington including higher taxes, higher energy prices, burdensome regulations, and constant bailouts of special interests.

While tens of thousands of American energy workers risk losing their jobs right now due to the White House moratorium on drilling in the Gulf of Mexico, Congress next week will consider another $26 billion bailout of state and local government workers. The signal this Democratic Congress is sending is clear: we'll spend whatever taxpayer money it takes to save a government job, the rest of you American workers can take a hike.

And three weeks after we extended the invitation to President Obama to travel to Houston to meet face-to-face with energy workers and small businesses whose livelihoods are threatened by the President's moratorium – we have heard nothing but silence. To add insult to injury, the President is coming to Texas next week to raise campaign cash but apparently does not have an hour – not even 15 minutes – to spare for our American workers whose jobs he is killing.

Maybe if our energy workers worked for the government, they could get a bailout, too. But that's not what they are asking. They just want to go back to work on the rigs the President has idled and some that now are forced to leave America for foreign countries.

So much for "hope and change".

The prospects for other workers who have lost their jobs isn't much better. Real GDP growth slowed by more than one-half from 5.0 percent in the fourth quarter of last year to 2.4 percent in the second quarter of this year. One-off inventory restocking accounted for 59 percent of real GDP growth during the last three quarters. Restocking your shelves isn't a sustainable basis for job creation, but consumers confident in the recovery are.

Unfortunately, real final sales growth, which is a better indicator of the underlying trend than real GDP, averaged an anemic 1.5 percent during the last three quarters. Consequently, economists are downgrading their forecasts for the remainder of 2010 and for 2011.

Earlier this week, Committee Democrats released a report stating that manufacturing payroll jobs increased by 136,000 during the first half of 2010. I rejoice that some American workers have found new manufacturing jobs.

However, this report tells only one-half of the story. Actually, manufacturing payroll jobs decreased by 660,000 since the Obama stimulus was enacted. Moreover, manufacturing payroll jobs fell by 2.3 million since the Democrats took control of Congress in 2007.

With so many families struggling, how can Congressional Democrats possibly be proud of these devastating economic failures?

Ironically, the slight improvement in the manufacturing sector isn't due to sales here in America but rather foreign demand, especially in Canada, Mexico, and rapidly growing countries in Asia.

Monthly U.S. manufacturing exports are up 31 percent from February 2009 to May of this year. To satisfy higher foreign demand, U.S. manufacturers boosted their output by 6 percent during the same period. Since the beginning of the year this export-driven recovery is beginning to reverse the decline in manufacturing employment under the failed White House economic plan.

In contrast, demand here in America, which the Obama stimulus was supposed to boost, remains lackluster. So unless Speaker Pelosi and Majority Leader Reid want to pat themselves on the back for increasing demand in foreign countries, which is preposterous, Democrats can claim little credit for the improving outlook in manufacturing.

Indeed, many Congressional Democrats oppose selling more American goods and services overseas by failing to pass the pending free trade agreements with Colombia, Panama, and South Korea that would accelerate export-driven job creation.

Dr. Hall, amid this grim economic data I look forward to hearing your testimony.

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