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Opening Statement Senator Jack Reed Vice Chairman, Joint Economic Committee

November 2, 2001

Thank you, Acting Commissioner Orr, for coming to testify before us today. The Bureau of Labor Statistics' measures of unemployment and job loss for October will help us to understand how the economy is currently performing.

Economic conditions appear to be deteriorating. Earlier this week, we learned that GDP fell 0.4 percent during the third quarter. Yesterday we learned that private wages and salaries fell in September, the second monthly decline in a row. Factory operating rates are at their lowest levels in two decades and, today, you report that unemployment has risen to 5.4 percent.

Help is needed. We must craft a fiscal stimulus package that can spur the economy into recovery quickly while not undermining fiscal discipline over the long run.

History has shown that the key to achieving a rapid recovery is to bolster family incomes, something that the stimulus package passed by the House is unlikely to achieve. Marginal incentives for businesses to boost their capital spending will mean little to the economy when cash-strapped households cut their spending, causing further curtailments in investment.

Instead, we should direct the stimulus towards those Americans who are most vulnerable to the economic slowdown. We should help lower-income working Americans who pay payroll taxes, yet received no rebate earlier this year. We should broaden unemployment insurance coverage so that almost all of those who lost jobs can get help, and increase benefits so that people receive enough to cover their basic needs. And we should help the newly unemployed keep their health insurance by subsidizing premiums.

The foundations of our economy are strong, and our people and businesses resilient. The decline in GDP was less than expected. In order to shore up the economy's weaknesses, we need policies that are temporary, immediate, and targeted to those people and businesses which will best spark our economy's engine.