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Statement of Carolyn Maloney
Joint Economic Committee Hearing
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I want to welcome Dr. Christina Romer, the President's Chair of the Council of Economic Advisers, and thank her for her testimony here today. The Council of Economic Advisers and the Joint Economic Committee were both created by the Employment Act of 1946 and share an important history of providing the White House and Congress with analysis of economic conditions and economic policy.

Our hearing today is on the economic outlook. The current administration took office only nine short months ago. Nine months ago, the economy was facing the worst economic crisis since the Great Depression with GDP falling at its fastest rate in almost three decades. In January alone, 741,000 jobs were lost, but jobs losses of about 600,000 or more per month had started in November of 2008. Those punishing job losses continued for 5 straight months. However, thanks to the American Recovery and Reinvestment Act, we are finally seeing signs of recovery. For example, the $35.4 billion obligated to states so far for education has saved 250,000 teacher jobs.

However, I am deeply concerned about the state of the labor market, as I have been since the start of this recession. GDP growth is of little comfort to the millions who have lost their jobs. The unemployment rate is at an unacceptably high 9.8 percent. I am particularly interested in Dr. Romer's outlook on the labor market and additional measures that may be needed to boost job creation.

As the economy recovers we must continue our commitment to the unemployed to ensure that working class Americans aren't once again left out of economic recovery, as they were under the Bush administration. People are losing their unemployment benefits at alarming rates. In my home state of New York, close to half of the unemployed are losing their state unemployment benefits, and the same story can be told in states around the country. That is why I encourage the members of the Senate to follow the House in passing a bill that extends unemployment benefits.

As the 2001 recession subsided, the average American family was left behind; job creation and median family income never recovered to the levels experienced during the Clinton years. We must do more to ensure that as we recover from this recession we do not see a repeat of the dismal jobs record of the Bush Administration. One statistic I find striking is that for every job opening there are six people applying.

Despite this fact, the Recovery Act is working. In fact, it is softening the impact of this recession on workers. According to a report that the Council of Economic Advisers released last month, the Recovery Act reduced average monthly job losses by 169,000 in the second quarter of this year. In addition, the US economy had 1 million more jobs in August because of the Recovery Act.

The report also notes that the Recovery Act has contributed significantly to economic growth. Using the latest GDP numbers, the Recovery Act raised GDP growth by 2.6 percentage points in the second quarter. In the third quarter, analysts expect an even bigger boost. Next week, we will hold a hearing where the Bureau of Economic Analysis will report advance estimates of GDP for the third quarter, and I am optimistic that the numbers will show that the bold actions taken by Congress and the Obama administration are turning the economy around. The administration and Congress continue efforts to help create jobs. Just yesterday, the administration announced a series of proposals to help small businesses, including providing tax relief to small businesses and promoting access to credit.

Dr. Romer, we thank you for your testimony and I look forward to working with you as the committee continues our focus on fixing the economy, helping struggling families, and, above all, putting people back to work.