Joint Economic Committee
Senator Charles E. Schumer, Chairman
Representative Carolyn B. Maloney, Vice Chair

Statement of Carolyn Maloney
Joint Economic Committee Hearing
December 5, 2008

I want to thank Commissioner Hall and his staff for appearing before us today. This is an important time for Congress to be examining the employment situation of U.S. workers, as we now have confirmation that the economy is in a recession.

Today's jobless numbers take your breath away. In November, the economy lost an astonishing 533,000 jobs – the highest monthly loss in 34 years – and job losses in the previous two months were worse than originally reported. The unemployment rate increased to 6.7 percent.

The official arbiters of U.S. recessions – the National Bureau of Economic Research – announced on Monday that the economy entered this recession in December 2007, when the private sector first began shedding jobs. Since then, the economy has lost over 2 million private sector jobs and 2.7 million more workers are unemployed, for a total of 10.3 million.

These stark numbers should make the decision to rescue the Detroit carmakers much easier. The potential employment consequences if one or more of the Big Three Detroit automakers fails could be devastating to an already weak labor market. Estimates show that millions of jobs – including vehicle assembly, parts manufacturing, suppliers, and neighborhood retailers – are potentially at risk. The Bureau of Economic Analysis has estimated that each job in the vehicle manufacturing industry supports from two and a half to about 6 additional jobs in the wider economy, so the ripples of their collapse could be felt far and wide.

Last week, third quarter economic growth was revised downward to -0.5 percent. The economy is being pulled down by falling consumer spending, which makes up nearly three-quarters of our gross domestic product. Yesterday, it was announced that retailers posted the worst November sales in more than thirty years. Families are conserving their dwindling resources and simply not buying much of anything, including durable goods such as cars. As consumers cut back on their spending, this is dragging down economic growth, jobs and wages.

The current downturn has already lasted longer than the last two recessions, bringing hardship to millions of families. U.S. workers have lost all the ground that they gained over the 2000s recovery. The Census Bureau recently reported that by the end of last year, inflation-adjusted household income had still not recovered from the last recession and all indications are that household finances have only deteriorated since then.

The credit crisis is making the employment situation even worse. The lack of access to credit, combined with the sharp drop in home prices, declines in the stock market, and the lack of growth in real incomes are putting unbearable financial pressure on families. Retirement savings and college savings accounts have been decimated by the sudden drop in value in the equities market. College-bound seniors will be facing tuition hikes and diminished financial aid, making college out-of-reach to many middle-class and poor families.

Congress has already taken numerous steps to help buffer families from the effects of the downturn, including extended Unemployment Benefits again last month.

Some economists are already calling this "the Great Recession" because they fear it may be longer and deeper than any recession in recent history. This recession requires solutions that address the magnitude of our economic woes.

In January, Congress will send our new President a substantial recovery package that makes investments in our future and puts Americans back to work as quickly as possible.

I thank Chairman Schumer for calling this hearing and I look forward to the continued focus on labor market conditions by this committee.

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