



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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STATEMENT OF CONGRESSMAN JIM SAXTON (R-N.J.) “THE EMPLOYMENT SITUATION: FEBRUARY 2001”

It is a pleasure to welcome Commissioner Abraham before the Committee once again to report on the release of new employment and unemployment data for February.

A review of current economic conditions indicates that the economy has slowed from the remarkable pace present through the middle of last year. An array of economic data shows that the economy has been in a slowdown for the last two quarters. For example, the rate of GDP growth has fallen two quarters in a row, and consumer spending and investment growth have also slipped.

However, there are some signs of residual economic strength in certain sectors such as construction and some service-producing industries. In addition, overall employment growth has slowed but has generally been positive.

The employment- population ratio remains high, and labor market conditions, for the most part, remain fairly tight, as reflected in the relatively low unemployment rate. The slowdown does make the economy more vulnerable to shocks and disruptions, but the economy remains in positive territory. The Federal Reserve is aware of the softness in the economy and its recent survey indicates that this is a continuing problem.

The employment data released today seem to be influenced by the slowing pace of the economy. Payroll job growth for February was 135,000, considerably lower than the 225,000-250,000 range typical during the healthy economic expansion. The unemployment rate remained unchanged at 4.2 percent.

Given the weakening of the economy since the middle of last year, the case for change in economic policy is strong. The tightness of Federal Reserve monetary policy should be relaxed, and the Fed has taken steps in this direction earlier this year, although more remains to be done. Further rate cuts by the Fed are needed.

Congress can also do its part by reducing the fiscal drag on the economy from the excessive tax burden imposed by our tax system. The tax system is counterproductive, and now is a good time to reduce its negative effects. This will not make the economy turn on a dime, but it will improve the prospects of continued economic growth now and into the future.

The current economic outlook poses challenges that should not be taken lightly. Changes in macroeconomic policy are needed to get the economy back on track.

For more information on employment issues, please visit our website at www.house.gov/jec.

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