



Joint Economic Committee

Representative Kevin Brady • Chairman

CHAIRMAN KEVIN BRADY

JOINT ECONOMIC COMMITTEE

JANUARY 10, 2014

Employment Situation Report for December 2013

Vice Chair Klobuchar, Members of the Committee, and Commissioner Groshen, good morning and welcome to the New Year.

This is Commissioner Groshen's first appearance before the Joint Economic Committee. On behalf of the millions of Americans who cannot yet find jobs, we hope that you can bring us better news in the future.

I would like to recognize Tom Nardone, who is retiring from the Bureau of Labor Statistics after 37 years of service. He has been "Mr. Numbers" for the Commissioner and this Committee over the last several years. Tom, we thank you for your dedicated service, and wish you the very best in your future endeavors.

Payroll job growth was incredibly weak last month. December saw a gain of only 87,000 private-sector jobs and 74,000 nonfarm jobs.

The unemployment rate fell by 0.3 percentage points to 6.7%. However, this drop was largely due to falling labor force participation. More than ½ million Americans left the labor force in December. Consequently, the labor force participation rate dropped to 62.8%, tying a 36-year low.

While it sounds impressive to boast that the U.S. economy added 8.2 million private-sector jobs over the past 46 months, economic growth in an average recovery during the past half century has been 50% larger than in the Obama recovery. As a result of this growth gap, America today is missing a whopping 4.5 million jobs along Main Street – and that's not acceptable.

Consider this: the best monthly private sector jobs report of the Obama recovery is lower than the equivalent of the average private jobs report of the Reagan recovery. In other words, not a single month of the current recovery matches even the equivalent of an average month of the Reagan recovery. That's disappointing. We've got to do better.

We should be encouraged that the unemployment rate has declined from its peak of 10.0% in October, 2009 to 6.7% today. However, that is nowhere near the 5% level the White House promised the American people when the controversial \$800 billion stimulus was rushed through Congress on a party-line vote.

Unfortunately, the decline in the unemployment rate is largely due to falling labor force participation. If the labor force participation rate had not declined since President Obama took office, the unemployment rate would be nearly 11%. Another disappointing jobs indicator: a smaller percentage of Americans are employed today than when the recession ended over four and a half years ago.

The American people are deeply dissatisfied with the President's leadership on the economy. We need solutions that get Washington out of the way so Main Street businesses can start hiring with confidence again.

Raising the minimum wage and forcing small businesses to pay nearly \$5,000 more per worker won't increase hiring. Washington mandating the equality of income won't increase hiring. Extending emergency unemployment programs won't increase hiring because what the long-term unemployed really need are new jobs.

The emergency unemployment program is designed for extraordinary circumstances, when America's unemployment rate is high and rising. As the White House reminds us, the unemployment rate has declined in all 50 states and is at the lowest since 2008.

Why are the President and the Senate turning their backs on job creation? Why doesn't the Senate pick up and pass and the President sign into law any of the dozens of jobs bills the House has already approved, including the Keystone XL pipeline, which would create thousands of well-paying middle-class jobs.

It's not helpful, either, that the White House continues to delay bipartisan unemployment reforms the President signed into law two years ago to make it easier for states to match local workers with local jobs and conduct drug testing for applicants seeking jobs that require such tests.

We all know it's an election year, and some in Washington are trying to change the conversation from the disappointing economy and the bungled roll-out of the troubled *Affordable Care Act*. I just hope my colleagues remember that the measure of America's compassion is not how long we provide unemployment benefits, but how soon we get people into good-paying jobs. That should be Washington's focus.

Commissioner Groshen, welcome again, and I look forward to your testimony.