Joint Economic Committee

Representative Kevin Brady ● Chairman

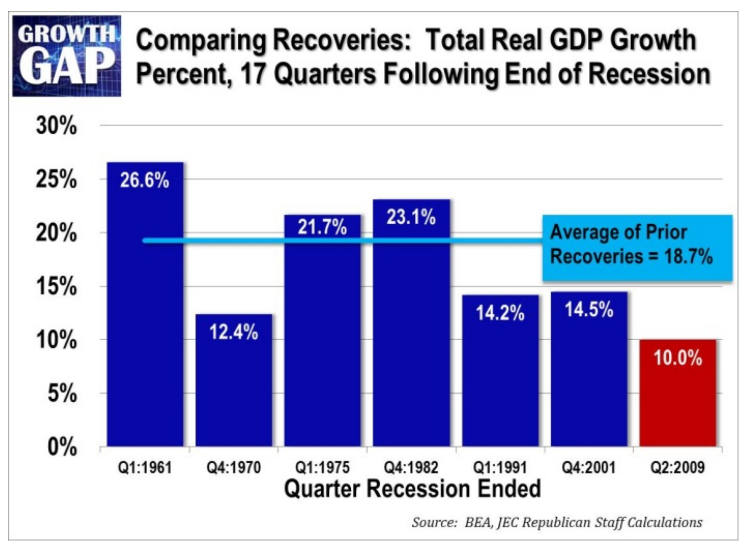
CHAIRMAN KEVIN BRADY
JOINT ECONOMIC COMMITTEE
NOVEMBER 13, 2013
Economic Outlook

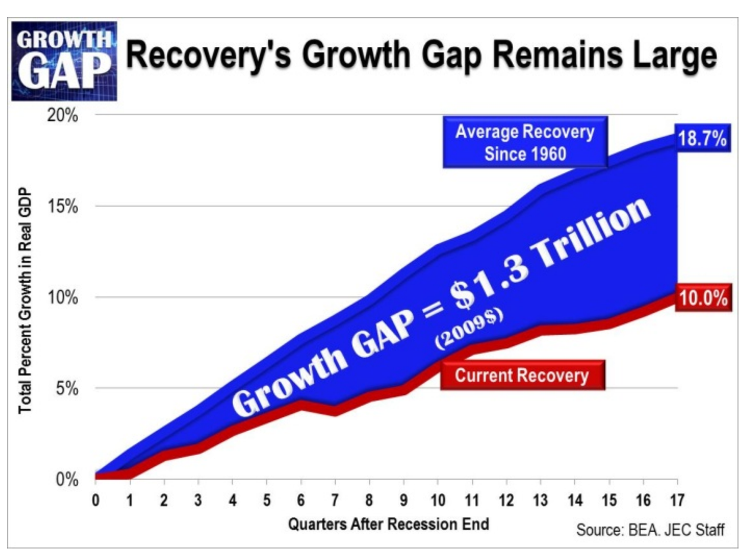
Chairman Furman, welcome. Both Vice Chair Klobuchar and I appreciate your willingness to reschedule this hearing, and I am hopeful that you will resume the long-standing practice of the Chairman of the Council of Economic Advisers testifying before the JEC about the *Economic Report of the President* immediately after its release.

We are all pulling for a strong recovery. Too many Americans of all ages and all races have simply given up hope of finding a full time job.

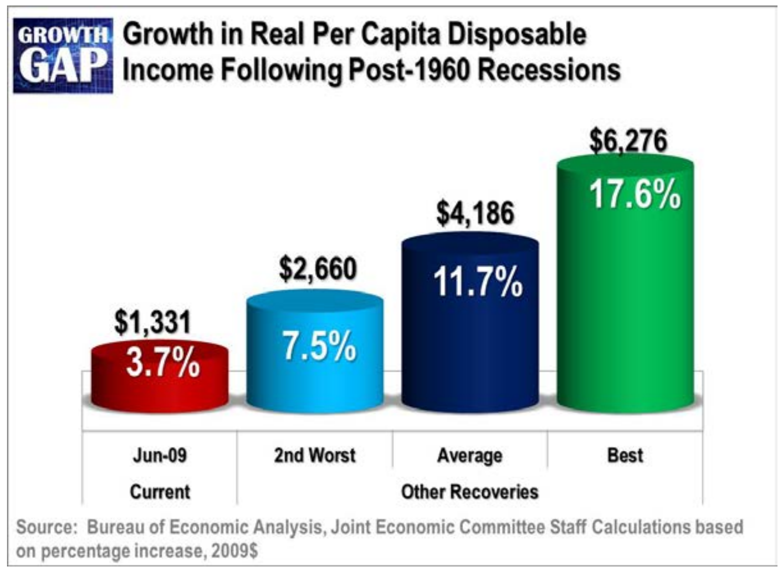
Now four full years after the recession ended, while some parts of the nation are making progress, the current recovery remains the weakest among all post-1960 recoveries in every major measure of economic performance, generating a troubling and dangerous "Growth Gap."

- While real GDP has grown by 10 percent since the recession ended, that's just barely above one-half of the growth in average recoveries over the same period, producing a growth gap of $1.3 trillion in the economy.

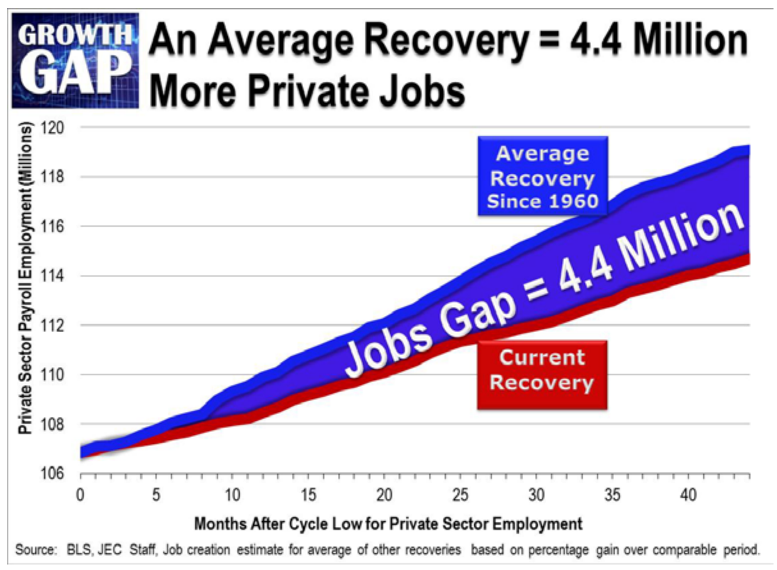




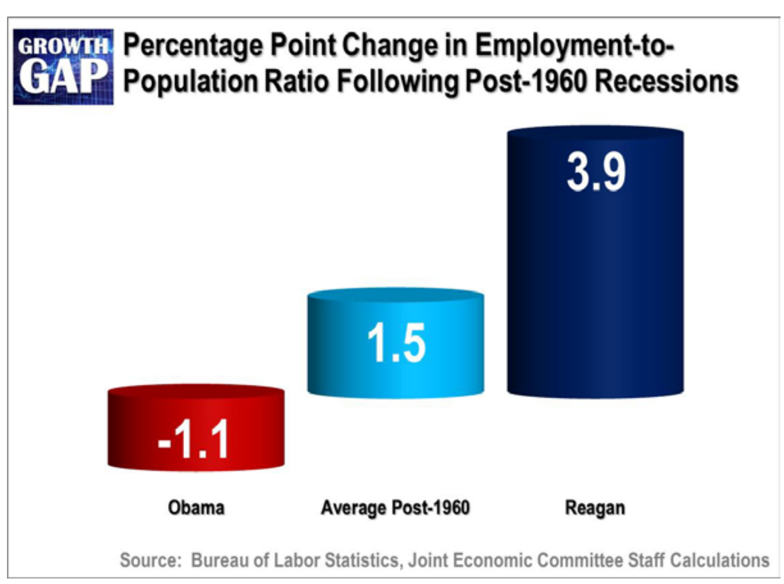
- For families the growth gap hits home. Real disposable income per capita has increased by a mere 3.7 percent, less than one-third of the 11.7 percent average. This means a family of four has $11,420 less in real after-tax income to spend that they would have had if this recovery had merely been average.



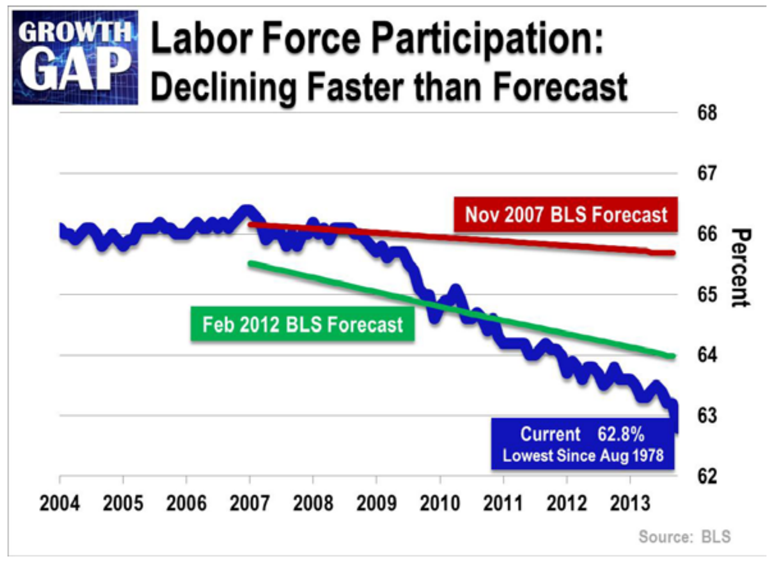
- And the current recovery has produced 4.4 million fewer private payroll jobs since the cyclical low than an average recovery.



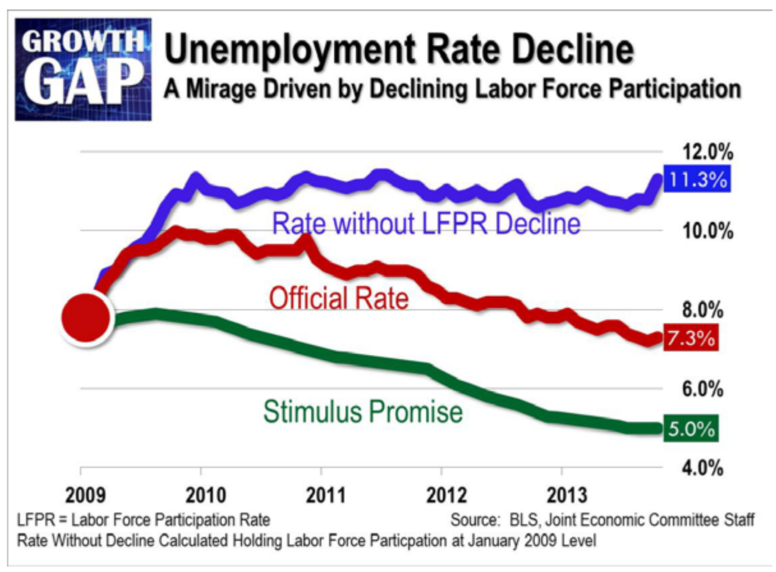
- An important gauge of America's job picture is the employment-to-population ratio that measures the proportion of the country's population age 16 or over that is employed. By now it would have risen by 1.5 percentage points in an average post-1960 recovery and more than double that (3.9%) in the Reagan recovery. But today the America's employment-to-population ratio has actually *declined* by 1.1 percentage points. To put the stalled labor market in perspective, in October 2013 the employment-to-population ratio was only six one-hundredth of a percentage point higher than the lowest reading during the Obama presidency.



- In October, the labor force participation rate fell to 62.8 percent, a low not seen since the Carter presidency.



- And as many unemployed Americans are learning the hard way, the decline in the official unemployment rate to 7.3 percent is largely illusory because so many Americans have simply given up looking for work. If the labor force participation rate had not declined since President Obama took office, the unemployment rate would be a whopping 11.3 percent, not 7.3 percent.

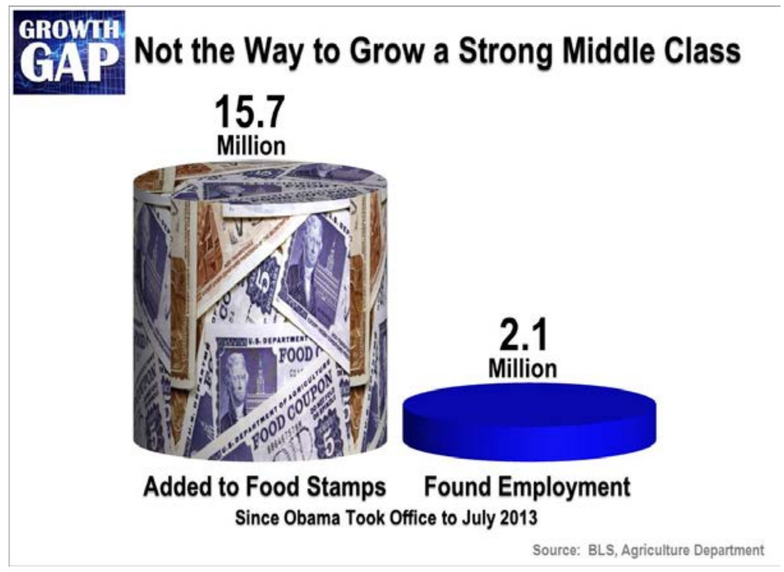


As President John Adams observed, “Facts are stubborn things.” And facts prove that this is the weakest recovery since 1960, indeed since World War II.

On July 24th, President Obama described “a growing middle class” as “the engine of our prosperity.” I agree.

In this recovery, however, middle-class Americans continue to suffer while Wall Street has roared. Since the recession ended, the S&P 500 Total Return Index is up by more than 86 percent while real disposable income per capita is up a mere 3.7 percent.

To make matters worse, as of this past July 15.7 million more Americans were receiving food stamps while only 2.1 million more Americans were employed. Adding eight Americans to food stamps for every one finding work is not growing the middle class. In fact, this recovery might better be described as the real war on the middle class.



Today, we want to discuss the *Economic Report of the President*, the roadblocks to job creation and economic growth, and search for bi-partisan solutions to restore prosperity to the suffering middle-class.

Clearly Main Street is being harmed by the President's higher taxes, mountains of new red tape on local businesses, and the disastrous roll-out of the ill-named *Affordable Care Act* that is cutting workers' hours, raising their health care costs, preventing small businesses from hiring, and cancelling health insurance for millions of Americans.

Americans deserve better. Chairman Furman, we look forward to your testimony.