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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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STATEMENT OF VICE CHAIRMAN JIM SAXTON

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MAY EMPLOYMENT GROWTH

WASHINGTON, D.C. - It is a pleasure to welcome Commissioner Utgoff once again to testify on the monthly employment statistics.

This morning the Commissioner brings more good news for American workers. According to the establishment survey, payroll employment increased by 248,000 in May. Furthermore, upward revisions pushed the level of March job gains to 353,000, and April job growth to 346,000. Manufacturing employment increased by 32,000 in May. So far this year, payroll employment has increased by more than 1 million jobs.

The diffusion index – an important measure of the breadth of employment gains by industry group – indicates that employment increases were broad-based. The monthly diffusion index has shown expansion for five months in a row. More than 1.4 million jobs have been created since last August. According to the household survey, employment also increased significantly.

The positive employment data reported today are consistent with other recent economic data on output, investment, and consumption. GDP growth in the first quarter was recently revised upward to 4.4 percent. Over the year, the economy has expanded at a 5 percent rate.

A rebound in investment has made a major contribution to the acceleration of the economy over the last year, with equipment and software investment posting an increase of 12.5 percent during this period. Manufacturing activity is expanding at a brisk pace. Meanwhile, homebuilding and construction are robust. Independent economists have identified tax relief and accommodative monetary policy as two key reasons for the improvement in the economy.

In summary, economic conditions remain strong. The expansion is on track and consistent with the Blue Chip consensus projection of nearly 5 percent growth in 2004. As I noted many months ago, healthy economic growth offers the best way to improve labor market conditions and to expand employment. As the numbers show, the pick-up in the economy has indeed boosted payroll employment growth, and led to the probability of good employment gains throughout 2004.

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