



JOINT ECONOMIC COMMITTEE

Senator Sam Brownback, Ranking Republican

Opening Statement of Senator Sam Brownback

Joint Economic Committee

The Employment Situation: July 2009

August 7, 2009

Thank you Chairwoman Maloney for arranging today's hearing and thank you Commissioner Hall for testifying today.

Unfortunately, today's employment report on labor market conditions in July brings more bad news: employers shed 247,000 payroll jobs and the unemployment rate stands at 9.4%. While the pace of job loss has receded, and the unemployment rate has edged down, labor market conditions remain weak and American families are hurting. In total, we have lost 6.7 million payroll jobs since the beginning of the recession. Behind these numbers is a great deal of dislocation, pain, and suffering in American families.

I am concerned about the way that the Federal government is addressing the economic downturn and, in particular, the lack the lack of focus on jobs and the growing ranks of unemployed workers and families losing their homes to foreclosure. Earlier this year, Congress and the President set up a \$787 billion so-called "stimulus" plan, filled with hundreds of billions of government spending that was to be distributed in a timely, targeted, and temporary manner. Yet, the money has not gone out the door in the timely manner necessary to help our economy now. Rather, only a little over 10% of the \$787 billion in stimulus has been spent, and the remainder will be slowly spent over the coming months and years, when our economy will presumably already be expanding.

Additionally, the stimulus was not adequately targeted towards job creation and foreclosure prevention which are weighing heavily on the economy. Instead of preventing job losses and foreclosures, the bulk of stimulus money is being used to fund long-term investment projects, some of which will not be "shovel ready" for years. This is not temporary stimulus, this is long-term government spending. Thus far, the stimulus has failed on all three fronts: funds have not been spent in a timely manner; spending has not been targeted to employment and foreclosure prevention; and the vast array of long-term infrastructure projects are in no way temporary.

During the depths of the recession, Congress has been debating a health care overhaul that does nothing to reduce health care price and cost inflation, but seems only to promise massive increases in government deficits and debt and increases in taxes on businesses and American families. Congress has also been debating "cap and trade" schemes to reduce carbon emissions, which will surely increase energy costs for businesses and American families. While health care and carbon emissions are serious issues to consider, what we have done to date seems mostly to have generated increased uncertainty, in the midst of a deep recession, for businesses and families about their future health care costs, energy costs, and taxes. Raising the specter of trillions of dollars of increased government spending on health care and an increase in energy costs and higher future taxes in the midst of our deep recession seems to be anything but stimulative.

If you believe in providing debt-financed stimulus to the economy, I believe it should at least come on line and produce effects when it is needed, which is now. To the many Americans who are “paycheck ready” today, what good, in terms of stimulus, is a road that will not be “shovel ready” and built for years to come? There are unemployed workers who need relief *now*. There are unemployed workers who are losing their homes to foreclosure *now*. There are employers, struggling in the face of reduced demand for their products, who find *now* that they simply cannot make it economically with their existing workforce, and they are forced to lay more people off. And as the ranks of the unemployed grow, more and more families are finding it difficult or impossible to hang on to their homes and they are suffering through foreclosure actions *now*. These Americans do not need to have a road built in 2013, they need help *now*.

I voted against the stimulus because it simply contained too many deficit-financed, long-term spending projects that are difficult to think of as economic stimulus. The stimulus provides only minor tax relief. Yet cutting taxes takes very little time, and time is of the essence in trying to stimulate the economy. Lack of tax relief in the stimulus was and is disappointing. Some of the long-term infrastructure spending in the massive stimulus could very likely be sound investments for the American economy. However, such investments should be made according to careful cost-benefit analysis on a project-by-project basis. That is not what was done in formulating the stimulus. Rather, there was a rush to spend and a rush to run up deficits and debts even further. For the sake of American workers and their families facing job loss today, or who are unemployed, or who are losing their houses to foreclosure, we should redirect stimulus efforts today.

My concern today is with continued job losses, growth in the number of American workers who are unemployed, and growth in the number of American families who are losing their homes to foreclosure. We seem to be moving in the wrong direction by adding uncertainty to decisions that American families and businesses need to make as they plan for the future. The direction we are taking threatens to lengthen the recession and work against a recovery in the labor market. The direction we are taking has been one of adding to uncertainty—uncertainty about future health care costs by pushing for bigger and more expensive government intervention in the name of reform; uncertainty about future carbon costs inherent in a cap and trade emission scheme that threatens American jobs; and uncertainty about future taxes and national debt.

I look forward to the testimony of Commissioner Hall.