



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CONGRESSMAN KEVIN BRADY

RANKING REPUBLICAN HOUSE MEMBER



NEWS RELEASE

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**STATEMENT OF
CONGRESSMAN KEVIN BRADY**

October Employment Situation

I am pleased once again to join in welcoming Dr. Hall before the Committee this morning.

Today's employment report is bad news for American workers. During October, another 190 thousand payroll jobs were lost, and the unemployment rate increased to 10.2 percent. For adult men, their unemployment rate of 10.7 percent is an all-time record since 1948 when this series started.

Last week's preliminary report estimated that real GDP increased by 3.5 percent in the third quarter. Although I am hopeful that economic growth will continue this quarter, I am concerned about very sluggish economic growth next year and the deleterious effects of such a slowdown on jobs and the unemployment rate.

For American workers, a jobless recovery is no recovery. Indeed, I fear that we may well be facing a "job-loss" recovery as U.C.L.A. economist Lee Ohanian recently warned.

The October 2009 Blue Chip forecast predicts that the unemployment rate will average 10 percent or more through the first half of 2010 and will still be 9.6 percent at year-end. Moreover, the Blue Chip forecast also predicts that the unemployment rate will average 8.1 percent in 2012. If this forecast were to prove true, the United States would still have a significantly higher unemployment rate during the next presidential election than when President Obama took office.

In January, two of President Obama's top economists forecast that if the Congress were to enact the Obama stimulus bill, then the unemployment rate would remain at or below 8.0 percent during 2009. However, since President Obama signed the stimulus bill into law on February 17th, the unemployment rate has been far above 8 percent.

Obama Administration officials continue to make extravagant, statistically dubious claims about how many jobs their stimulus plan has allegedly created or saved. In a blog on the White House website on Friday October 30th, Jared Bernstein claimed that the stimulus had created at least 650,000 jobs. This claim rests on a calculation prepared by the Recovery Accountability and Transparency Board and posted on Recovery.gov.

On September 10, 2009, the Board's Chairman Earl E. Devaney, who had previously been Inspector General for the Department of the Interior, stated in his testimony before the Senate Committee on Homeland Security and Government Operations:

Although the Board and Inspectors General will play a role in data quality – chiefly by reviewing agencies' processes for ensuring quality of the data – the Board's main goal will be one of data integrity. That is, the Board will strive to ensure that the data on Recovery.gov is a true reflection of what recipients report ... The responsibility for data quality, however, rests with the recipients of the funds and the agencies distributing the funds.

In other words, the Board will not make sure that the underlying data reported by government agencies and recipients of stimulus funds are accurate and truthful, just that the data, which may be inaccurate or even false, are compiled correctly. This does not give the American people much confidence in any job creation reports posted on Recovery.gov.

Disturbingly, many press reports have alleged that the Administration has counted some jobs that may not be connected to the stimulus at all and counted other jobs multiple times:

- On October 29th, the *Associated Press* reviewed the Administration's claim of 30,000 contract jobs "created or saved." The AP found that the Child Care Association of Brevard County, Florida reported that it had used \$98,669 of stimulus funds to save 129 jobs when the organization actually used these funds to give its 129 employees a 3.9-percent pay raise. The AP also found that East Central Technical College in Douglas, Georgia reported creating 200 jobs when it had used its stimulus funds to buy trucks and trailers for commercial driving instruction, and a modular classroom and bathroom for a health education program.
- On November 4th, *The Wall Street Journal* reported that the Administration had overstated the number of jobs claimed by at least 20,000. For example, the *Journal* found that a Kentucky shoe store reported saving 9 jobs from an \$889.60 contract to supply work boots to the Army Corps of Engineers.
- On November 5th, the *Chicago Tribune* uncovered inaccuracies in the Administration's claim that stimulus funds "created or saved" over 14,000 education jobs in Illinois. For example, one Illinois school district reported saving 473 teaching jobs even though it employs only 290 teachers, while another reported saving 665 jobs even though it employs only 600 workers.

In contrast to these difficult-to-substantiate Administration claims, Bureau of Labor Statistics employment data show that the United States lost a net of 2.9 million payroll jobs since the Obama stimulus bill was signed into law. Moreover, the number of payroll jobs has declined in 49 of the 50 states.

Dr. Hall, I look forward to hearing your testimony.

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