



Joint Economic Committee

Republicans

Representative Kevin Brady
Vice Chairman

NEWS RELEASE

For Immediate Release
February 3, 2012

Press Release #112-15
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STATEMENT OF VICE CHAIRMAN KEVIN BRADY

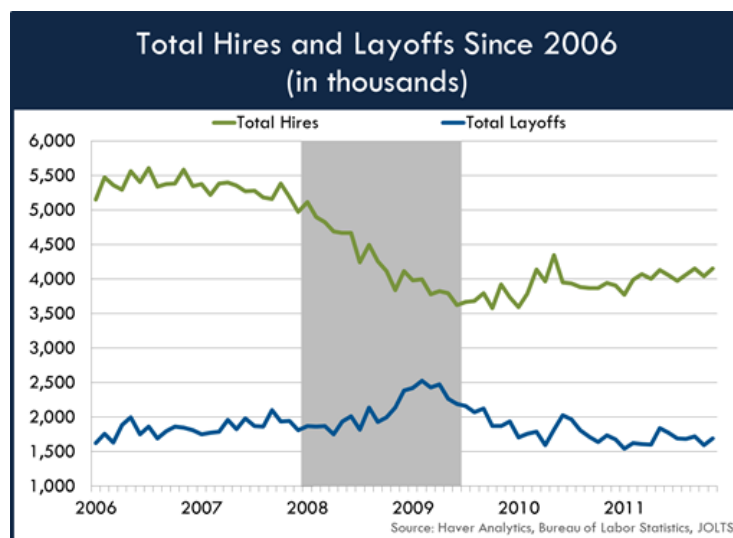
January Employment Situation

Washington, DC - Commissioner Galvin, we welcome you in your new capacity to the Joint Economic Committee's hearing on the employment situation. Of course, we know you well from your appearances at prior employment hearings and as a dedicated BLS employee for many years. We appreciate your service and look forward to your testimony. We also welcome the members of your staff.

The labor market is not recovering fast enough considering how depressed it has been. Thirty-one months into the Reagan recovery, we had added 8.7 million new payroll jobs. Today, however, the economy, at best, is at a crawl. We still are 6 million jobs short of the prerecession employment level; labor force participation is the lowest in decades; and yet unemployed workers still account for more than 8% of the shrunken workforce. Whatever claims that President Obama makes about how much worse the recession could have been, his policies have not "stimulated" the economy. We now have a huge federal debt, continuing large deficits, and sluggish growth.

More than 2 1/2 years have passed since the recession formally ended, yet real GDP growth is now expected to *decline* this year from a less-than-stellar 2.8% in the last quarter. In contrast, we averaged 6.1% real GDP growth during the first 10 quarters of the Reagan recovery. Business is hoarding cash as it still holds investments below pre-recession levels, and it still is not materially stepping up hiring, despite what the payroll job number says.

Consider the chart behind me. The top line shows hires and the bottom line layoffs. The huge churn is striking: over 4 million hires and 1.7 million layoffs, an image quite different from that of simply looking at net job changes.



But the key observation is that hires remain at the mid-recession level. With all the money the Administration has spent to stimulate employment, hires are still down about 1.4 million *per month* from before the recession. In that light, the 243,000 payroll jobs gained today are not that impressive. The magnitude of annual benchmark revisions, the most recent of which BLS is introducing with today's report on the employment situation, only underscores this point.

The low hires help to explain why labor force participation is down. If hiring has not risen in well over three years with a huge pool of unemployed competing for jobs, then why stay in the labor force? The unemployment rate and the payroll jobs number are important statistics, but they do not reveal the full extent of the problem we have.

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The President's current actions and proposals are feeble attempts to lift a \$15 trillion economy and with the equivalent of matchsticks at the same time that it is tightening regulations, imposes an avalanche of new regulations, and thwarts the biggest shovel ready project, the Keystone pipeline, in the country. It threatens to raise taxes all the while adding to our national debt with continued undisciplined deficit spending.

Strong private investment and job creation require a regulatory environment that facilitates operation of the free market economy and a tax environment that engenders expansion, not retrenchment. President Obama is working against the free market economy, undermining it with subsidies and special favors in some areas and harshly constraining and punishing it in others. That will cause anemic growth, and the labor market shows it.

According to the Congressional Budget Office (CBO) slowing economic growth will cause the unemployment rate to rise during this year and the next. The CBO projects that the unemployment rate will hit 8.9% in the fourth quarter and 9.2% in the last quarter of 2013. Americans are eager for work and willing to work hard. The economic policies of President Obama and congressional Democrats have failed. Hardworking taxpayers deserve better. The federal government needs to get out of the way so private job creation and hiring can accelerate.

Mr. Galvin, I look forward to hearing your testimony.

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