



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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STATEMENT OF VICE CHAIRMAN JIM SAXTON

“OCTOBER EMPLOYMENT SITUATION”

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WASHINGTON, D.C. – It is a pleasure to join in welcoming Commissioner Utgoff once again before the Joint Economic Committee.

Today’s employment report is good news for American workers. Payroll employment increased 126,000 in October, while the September increase was revised upward to 125,000. October marks the third consecutive increase in payroll employment after accounting for the revised increase in August. The household measure of employment increased by 441,000 in October, while the unemployment rate slipped one tenth of a percentage point to 6.0 percent. The improvement in the employment data reported today reflects the progress made in emerging from the economic slowdown of recent years.

The economic weakness that began with the bursting of the stock market and technology bubbles early in 2000, followed by recession, terrorist attacks, and wars, now appears to be over. Although the economy has shown great resilience in recent years, the unusual combination of shocks, and the investment-led nature of the economic slowdown, made the timing of the recent economic acceleration highly uncertain.

Consecutive declines in business investment had undermined economic growth since the fourth quarter of 2000. However, data from recent quarters show that investment and economic growth is on the rebound. The provision of tax relief in 2003, including the boosting of write-offs for investment, is widely credited for the recent strength of the economy. The 7.2 percent growth of GDP in the third quarter of 2003 indicates that this policy of tax relief has worked as intended. Recent increases in both ISM indexes, durable goods orders, and construction show that the economic expansion is broadly based.

As has been noted previously, the best prospect for job growth is created by a strong economic expansion. As the economy continues to grow as predicted by the Blue Chip Consensus forecast, it is reasonable to expect sizable employment gains into the future. Several quarters of healthy economic growth through next year, as the Consensus forecast suggests, should bring sustained and significant growth in employment and opportunity for American workers.

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