

U.S. CONGRESSMAN ELIJAH E. CUMMINGS

OPENING STATEMENT

JOINT ECONOMIC COMMITTEE HEARING

“THE EMPLOYMENT SITUATION: JANUARY 2008”

FRIDAY, FEBRUARY 1, 2008 – 9:30 AM

ROOM 106 DIRKSEN SENATE OFFICE BUILDING

Thank you, Mr. Chairman, for holding this important hearing on the employment situation in January 2008.

We convene today having recently learned that economic growth in the last quarter of 2007 fell to just .6 percent while prices showed a troubling increase.

The “middle class squeeze” is an expression becoming all too common at dinner tables across the country as working Americans reflect on their situation – and these are precisely the numbers that are putting the squeeze on families’ pocketbooks.

At the same time, as we will discuss today, the Bureau of Labor Statistics has reported that in January, the economy lost 17,000 jobs – the first time we have seen a job loss since 2003.

The overall number of unemployed persons stands at 7.6 million people – and unemployment is reported to stand at 4.9 percent.

This situation is even worse among Americans of color. In the third quarter of 2007, the quarterly average unemployment among African Americans was 8 percent. Today, it was reported by the Bureau of Labor Statistics to be 9.2 percent in January.

Even those who are fortunate enough to have steady employment are finding that their paychecks do not reach as far as they once did. Thus, though we did experience some wage gains last year, these increases were not nearly enough to keep up with inflation.

During the December Congressional recess, many of my constituents told me – often with a look that mixed both determination and anxiety – that they simply cannot make ends meet. Some families are even having to make the difficult choice of which bills to skip this month in order to pay record prices to heat their homes.

Gas prices have risen 10 cents a gallon in the last three weeks, and new projections suggest prices they could reach a staggering \$3.50 a gallon by spring.

Many of my constituents also confront the possibility that they may lose the homes for which they have been saving their entire lives – while those who are not at risk of foreclosure are scared that the value of their homes will fall.

Earlier this week, the House passed an economic stimulus package that makes some important strides towards bolstering the U.S. economy.

Unfortunately, I believe the House plan will not reach all of those who are most in need.

Although more than 100 million families will be receiving tax rebates under this plan, two of the most important and effective methods of providing a quick economic boost are missing: extension of unemployment insurance benefits and increases in food stamp benefits.

These two critical measures would provide direct help for the workers and families hardest hit by the economic downturn.

Indeed, among all of the tax and spending stimulus options that CBO examined, the only two that were found to create a large “bang-for-the-buck” as a stimulus *and* to have the ability to be put in place fast enough to really boost the economy were unemployment insurance and food stamp provisions.

Both could start injecting more consumer purchasing power into the economy within one to two months while helping those who have too long been forgotten as the Bush administration focused its economic policies on passing tax cut after tax cut for the wealthiest Americans.

Thus, while the House’s economic stimulus plan takes a step in the right direction, we need to make sure that the step our nation eventually takes lifts all of our citizens.

It is now up to the Senate to use our stimulus package as a foundation and extend unemployment benefits and increase food stamps to get money into the hands of those who will spend it quickest and need it most.

With that, I look forward to Dr. Hall's testimony and to a closer examination of the troubling unemployment trends in our nation.