



Statement of Carolyn Maloney
Joint Economic Committee Hearing
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“Today’s hearing is aptly named “Avoiding Another Lost Decade: How to Promote Job Creation.” From February 2001 to February 2009, our economy gained a mere 293,000 jobs. As we are facing the greatest postwar economic crisis, we need to take a look at history.

In contrast to the last administration, during the Clinton administration, 22.5 million jobs were created, an average of 234,000 jobs per month. But even under the stellar Clinton job creation record, it would take 3 years for us to recreate the 8.4 million jobs lost during this recession. And that doesn’t even factor in the additional two and half million jobs that were needed during the recession just to keep up with population growth. In other words, we’re about 11 million jobs in the hole.

The Great Recession has taken a tremendous toll on our economy and families across the country who are struggling to find work and make ends meet. Without the swift, effective response from policymakers, the Great Recession could have been another Great Depression. Signed into law less than a month after President Obama took office, the Recovery Act has helped soften the blow of the recession and returned the economy to growth in the second half of 2009. It provided a tax cut to 95 percent of American families, extended unemployment benefits, expanded credit to small businesses, and provided a first-time homebuyers’ tax credit to help families purchase a home.

The Recovery Act has been followed by other Congressional actions to create jobs, including: The Worker, Homeownership & Business Assistance Act, which expanded the first-time homebuyer tax credit, and enhanced small business tax relief; and

The HIRE Act, which provides tax incentives for businesses that hire out-of-work Americans.

These actions are working. Under the current Administration, the employment report has shown steady improvement with:

- 162,000 jobs created in March, with three-fourths of those new jobs coming from the private sector;
- Manufacturing employment up for 3 straight months.

On Friday, the JEC will hold its monthly hearing with the Bureau of Labor Statistics Commissioner to discuss the April employment data. I am optimistic that Friday’s employment report will provide another month of robust job creation.

But, we need to remain focused on job creation.

Part of the solution will be to look back to the Clinton administration and see what fueled job creation during the 1990s. We need to recapture the spirit of innovation that fueled the economy for those 8 years. Another part of the solution will be to look at the last decade and not repeat the same mistakes. When we came out of the 2001 recession, job creation did not return to pre-recession levels.

We can't afford to repeat the mistakes of the last decade and rely on asset bubbles to fuel job creation. We are still dealing with the aftermath of the housing bubble bursting. But just as we failed to regain the job creation momentum after the last recession, we also squandered a record budget surplus, leaving us with fewer options to address future challenges.

Part of the path forward is continuing to invest in programs and policies that work. Yesterday, as part of the effort to cast a wide net and look for innovative but effective approaches, the House Democratic leadership held an economic summit. At that summit, my friend Professor Alan Blinder said "I think the challenge for the Congress now is to devise budget packages that are efficient in terms of job creation, relative to any deficit increases that they cost. It is not easy . . ."

In an effort to look for efficient solutions to the jobs crisis, the House of Representative recently passed **the Disaster Relief and Summer Jobs Act of 2010**, which supports an additional 300,000 summer jobs for young workers – summer jobs that are particularly needed in this weak economy.

But we also need to take some chances and be willing to place some bets. We should target those sectors that offer the best prospects for growth. We should recommit ourselves – as a country – to basic research that pays dividends well into the future – in new industries and new jobs.

It's clear that the private sector will drive the next expansion. But it's also clear that government needs to be an engaged partner, helping to build skills, to shine a spotlight on new sectors and opportunities and to fund research that can lead to the industries and jobs of tomorrow.

We are fortunate to have Dr. Alan Krueger before us today to discuss job creation.

Dr. Krueger served as Chief Economist of the Department of Labor during the Clinton administration and is an editor and contributor to the book "The Roaring '90s: Can Full Employment Be Sustained."

We look forward to your testimony."

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