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# THE EMPLOYMENT SITUATION: JUNE 2010

## HEARING

BEFORE THE

## JOINT ECONOMIC COMMITTEE
## CONGRESS OF THE UNITED STATES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

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# THE EMPLOYMENT SITUATION: JUNE 2010

**FRIDAY, JULY 2, 2010**

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*Washington, DC.*

The committee met, pursuant to call, at 9:36 a.m. in Room 106 of the Dirksen Senate Office Building, The Honorable Carolyn B. Maloney (Chair) presiding.

**Representatives present:** Maloney, Cummings, and Brady.

**Staff present:** Andrea Camp, Gail Cohen, Colleen Healy, Jessica Knowles, Ted Boll, and Robert O'Quinn.

## OPENING STATEMENT OF THE HONORABLE CAROLYN B. MALONEY, CHAIR, A U.S. REPRESENTATIVE FROM NEW YORK

**Chair Maloney.** The meeting will come to order. I would first like to recognize myself for my opening statement.

Today's employment report from the Bureau of Labor Statistics shows that in June, the economy added 83,000 private sector jobs, making June the sixth straight month with employment gains in the private sector.

[The chart titled "Monthly Change in Private Payrolls" appears in the Submissions for the Record on page 26.]

You can see that the light blue is the gains of jobs in the private sector. The red, on the so-called V-chart that we use in the Joint Economic Committee, is when President Bush was in office. As you see in the down part of the valley, at the low point we lost over 779,000 jobs, during the last month that President Bush was in office. When President Obama took office, it has been a zig-zag, but we are trending in the right direction and we are gaining private-sector jobs.

Since the beginning of this year, in fact, the economy has added 593,000 jobs in the private sector. As expected, the June report also showed a sharp decline in temporary Census workers (government workers) causing total nonfarm payrolls to decline for the first time this year.

Additionally, the June employment report showed that the unemployment rate ticked down to 9.5 percent, and the number of unemployed workers declined by 350,000.

Although the overall unemployment rate has declined from its peak of 10.1 percent in October, not all demographic groups are seeing the same trends in unemployment rates. For example, the unemployment rate for African-American workers continued to rise after October, although the current unemployment rate of 15.4 percent is lower than the peak of 16.5 percent. Although the unemployment rate for women showed little change in the first 5 months of 2010, the unemployment rate for women declined in June to 8.3 percent.

We have made real progress in the past year. Last June, this country lost 452,000 private sector jobs. While these job gains are not as robust as earlier this year, the trend is definitely in the right direction. The policies that Democrats in Congress quickly put into place over the last year are working.

In addition to overall private-sector job gains, there were gains across many sectors in our economy. Manufacturing employment has risen for six months in a row, after falling for three straight years. Consumer spending has risen every month since October of 2009. Surveys of both the service sector and the manufacturing sector show that the growth is expected to continue.

But we have to be patient. The path to recovery is never in a straight line. For the millions of workers who lost their jobs, it will take time for them to become employed again. We also have to be vigilant. The recovery is still fragile and our economy is still vulnerable. In fact, Nobel Laureate Paul Krugman believes that we are in the early stages of another Great Depression.

He recently wrote that this depression, and I quote, "will be primarily a failure of policy . . . governments are obsessing about inflation when the real threat is deflation, preaching the need for belt-tightening when the real problem is inadequate spending."

I am disheartened that the Senate has failed to extend unemployment insurance benefits, despite the fact that there are still 14.6 million unemployed workers bearing the brunt of the worst economic crisis since the Great Depression. As a result, an estimated 1.7 million unemployed workers will lose benefits by the end of next week.

Some Members of Congress do not want to extend unemployment benefits because they believe these benefits create a disincentive for people to seek work.

As this JEC Majority Staff Report shows—this is a report that was developed and released recently by the JEC Majority Staff—the evidence is very clear: these benefits do not inhibit job seekers from vigorously looking for or accepting work. Instead, these benefits provide an enormous benefit to society by stimulating the economy as well as preventing workers from dropping out of the labor force.

Every dollar that an unemployed worker gets, he or she plows right back into the economy—because they need to. That helps us reduce the deficit. That helps us keep our economy moving.

Even former Chairman of the Federal Reserve Board Alan Greenspan expressed strong support for extensions of unemployment benefits after the first Bush recession.

In a hearing before the Joint Economic Committee in May of 2003, Chairman Greenspan stated, and I quote, "when you're in a period of job weakness where it is not a choice on the part of people whether or not they're employed or unemployed, then, obviously, you want to be temporarily generous. And that's what we've done in the past, and I think it's worked well."

In May 2003, we had fewer than 3 unemployed workers for every opening, and the unemployment rate was 6.1 percent. The most recent data shows that there are 5 unemployed workers for every opening, and the unemployment rate is 9.5 percent.

Extending these benefits provides stimulus to the economy and a social safety net for people who are out of work. It is also fiscally prudent, as well.

Disabled workers who become discouraged and drop out of the labor force enter the Social Security Disability Insurance Program, which is much more expensive than unemployment insurance benefits.

We all know that unemployment benefits stimulate the economy. Every dollar distributed in unemployment benefits multiplies to create over $1.60 in economic activity.

At a hearing before this Committee in February, Douglas Elmendorf, director of the nonpartisan Congressional Budget Office, testified that extending these benefits is one of the most effective and efficient ways to stimulate the economy. And surely it is obvious that getting the economy to grow and getting people back to work are crucial to getting our deficit under control.

Moreover, this will be the first time since 1959 that the government will allow unemployment benefits to expire when the national unemployment rate was over 7 percent.

It is time for all Members of Congress to put the American people first.

I yield back the balance of my time, and yield to my colleague and good friend, Mr. Brady.

[The prepared statement of Representative Maloney appears in the Submissions for the Record on page 24.]

## OPENING STATEMENT OF THE HONORABLE KEVIN BRADY, A U.S. REPRESENTATIVE FROM TEXAS

**Representative Brady.** Thank you, Madam Chairman. And Happy 4th of July. I hope you enjoy the holidays.

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

Today's report is more disappointing news for American workers and their families. Total non-farm payroll employment decreased by 125,000. And even after excluding the layoffs of 225,000 temporary Census workers, private sector payroll job growth remains anemic at 83,000. At this slow pace it will take much of the decade to return to normal employment levels.

While the unemployment rate fell to 9.5 percent, it fell for the wrong reason: a precipitous drop of 652,000 workers in the labor force or, more importantly, out of the labor force.

The number of discouraged and other marginally attached workers that have stopped actively seeking jobs rose to 2.6 million, an all-time series high. And 6.8 million American workers have remained unemployed for six months or longer.

In January of last year, President Obama promised that the Democrats' economic program would restore confidence and jump-start the U.S. economy. Last month, the Conference Board's Consumer Confidence Index fell dramatically. Consumer confidence is flagging because families are frightened by dangerous deficits as far as the eye can see.

And as for jump-starting the economy, two of the Administration's top economists, Christina Romer and Jared Bernstein, predicted that if Congress were to pass the President's stimulus bill the unemployment rate would remain below 8 percent and nonfarm payroll employment would increase to 137.6 million jobs by the fourth quarter of this year. Democrats in Congress did enact the American Recovery and Reinvestment Act last year, but this stimulus has fallen far short of both of these important projections.

The growth of real GDP slowed by more than one-half from 5.6 percent in the last quarter of 2009 to 2.7 percent in the first quarter of this year.

A number of economic indicators flashed yellow in the second quarter, suggesting that economic growth may be sluggish for the remainder of this year and next. Americans don't see an economy in recovery. They see a White House seemingly incapable of protecting our beaches or getting people back to work.

This anemic economic performance after the recession that began in December of 2007 is in sharp contrast to the robust economic growth that benefitted American workers and their families after the 1981–1982 recession.

The Obama recovery is one-third the recovery of the Reagan recovery, one-third the recovery from the 1981–1982 recession. President Reagan's economic policies were a tailwind accelerating real economic growth. President Reagan pursued pro-growth policies, including large reductions in marginal tax rates, deregulation, and trade opening.

Combined with the disinflationary monetary policies under Federal Reserve Chairman Paul Volcker and Alan Greenspan, Reagan laid the foundation for two decades of prosperity.

In contrast, President Obama and Congressional Democrats have pursued largely anti-growth policies that have hindered this recovery. Businesses are slow to hire because they fear higher taxes, job killing regulation, and a dysfunctional Washington that is ideologically driven and increasingly anti-business. Instead of providing encouragement, President Obama and this Congress have given entrepreneurs reason to worry.

Businesses are not reluctant to hire because they are waiting to see what Washington will do for them, they are reluctant to hire because they're afraid of what Washington will do to them.

Ominously, President Obama and Congressional Democrats are insisting on reckless increases in federal spending both now and in the future. This puts the triple-A reputation of the U.S. Government into jeopardy for the first time since Secretary of the Treasury Alexander Hamilton miraculously resurrected the finances of the United States after the Revolutionary War and put us on the road to becoming the world's economic superpower.

The Congressional Budget Office projects that under the President's budget federal spending will grow to 25.2 percent of GDP, far above its post-war average of 19.5 percent. A structural budget deficit in excess of 4 percent of GDP will persist through the next decade.

Consequently, publicly held federal debt will rise to 90 percent of GDP by the end of fiscal year 2020. In The Long-Term Budget Outlook released just two days ago, the Congressional Budget Office projects that under the alternative fiscal scenario which keeps current policies in place, uncontrolled spending growth will cause the publicly held federal debt to explode to nearly ten times America's GDP by the end of fiscal year 2084.

President Obama and Congressional Democrats are pursuing reckless fiscal policies that are clearly unsustainable. Unless their excessive spending, deficits, and debt accumulation are quickly reversed, the United States may experience a debt crisis similar to Greece. We are putting the future of our children and grandchildren in grave jeopardy. Unlike Greece, however, no one will be around to bail us out.

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

[The prepared statement of Representative Brady appears in the Submissions for the Record on page 27.]

**Chair Maloney.** The Chair recognizes Congressman Cummings.

## OPENING STATEMENT OF THE HONORABLE ELIJAH E. CUMMINGS, A U.S. REPRESENTATIVE FROM MARYLAND

**Representative Cummings.** Thank you very much, Madam Chair.

It is so easy to take a look at these reports every month, Commissioner Hall, and have a spirit of fear, as opposed to hope. I have chosen hope.

When I think about from whence we come, and the chart here tells the story very clearly, back in January of 2009 we are in deep, deep trouble. President Obama came in with a patient—that is, our economic system—that was in deep trouble, and was in intensive care. He took that situation and turned it around.

I do not know how many people have ever been in intensive care, but it takes time to heal. I do believe that our country has come a long way. Is it where we want it to be? No. I wish that we could wave a magic wand. And the people who come to me on a daily basis in my District, the ones who are saying that they cannot find jobs, I wish they could find them. But the fact still remains that we have come a long way, and we do have a long way to go.

I have often said that in these hearings when we hear our jobs reports on a monthly basis the question becomes so often when do we root for the home team? When do we acknowledge progress? When do we give this President, this Administration, this Congress credit for what we are accomplishing?

We must keep in mind that 60 percent of the GDP is consumer spending. And my good friend, Mr. Brady, is absolutely right. It is about confidence. But the fact remains that one of the things to get that confidence going is going back to what the Chairwoman talked about in most of her speech this morning. We have got to get people employed, but we also have to make sure that those who are not employed and cannot find jobs through no fault of their own have some kind of way of making it from day to day.

You know, sometimes I listen to my colleagues on the other side and I wonder. What do you say? And maybe they have never been in those situations where a person just could not find a job. So what do you say to the person who cannot find a job? Just go and die? Just get lost? No empathy? No nothing? Because through no fault of their own?

So I am hoping too, Madam Chair, that the Senate will act. I think it is very sad that we leave for a 4th of July vacation, and when the fireworks are going off and people are having fun, there will be a lot of people throughout our country who will not be able to. They are not trying to get down, as I have often said, to Disney World; they are just trying to get to the nearest amusement park.

They are not trying to eat steak; they are simply trying to get hamburger. Folks who are just trying to live their lives. People who were doing fine a few years ago, doing fine before the country was put into intensive care through no fault of their own; doing fine while others were getting, at AIG and other big firms, were getting major bonuses for millions of dollars for running our country into the gutter.

And so again, one of the things that we did not talk about yet this morning is that a lot of people at the beginning of this week were saying, oh, the sky is going to fall and we will move from 9.7 to 9.9. I heard it all week. Not a mumbling word yet about the fact that the unemployment rate went down to 9.5. Hello? Rooting for the home team.

We still have a lot to do, but the fact still remains that we have come a long way. And the Chairwoman is right. We are going in the right direction. And I think that there are things that this Congress can do in working with this President to speed that process up.

And so I choose hope, as opposed to fear. With that, Madam Chair, I yield back.

[The prepared statement of Representative Cummings appears in the Submissions for the Record on page 28.]

**Chair Maloney.** Thank you very much.

I would now like to introduce Dr. Keith Hall. He is the Commissioner of the Bureau of Labor Statistics for the United States Department of Labor. The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the United States Congress, other federal agencies, state and local governments, business, and labor.

Dr. Hall has also served as Chief Economist for the White House Council of Economic Advisers. Prior to that, he was Chief Economist for the U.S. Department of Commerce. Dr. Hall also spent 10 years at the United States International Trade Commission.

Thank you for your public service. We look forward to your testimony.

## STATEMENT OF DR. KEITH HALL, COMMISSIONER, BUREAU OF LABOR STATISTICS; ACCOMPANIED BY: MR. PHILIP RONES, DEPUTY COMMISSIONER, BUREAU OF LABOR STATISTICS; AND DR. MICHAEL HORRIGAN, ASSOCIATE COMMISSIONER FOR PRICES AND LIVING CONDITIONS, BUREAU OF LABOR STATISTICS

**Commissioner Hall.** Thank you, Madam Chair.

Thank you for the opportunity to discuss the employment and unemployment data we released this morning.

Nonfarm payroll employment fell by 125,000 in June, and the unemployment rate edged down to 9.5 percent. The decline in employment reflects a large drop in the number of temporary workers for Census 2010.

The number of jobs in the private sector edged up due to modest increases in several industries. Private sector employment has risen by 593,000 so far in 2010, but in June was 7.9 million below its pre-recession level.

Over the month, Federal Government employment declined sharply. The number of temporary Census workers were dropped by 225,000, leaving 339,000 temporary workers on the Census payroll.

In the private sector, temporary help services employment continued to grow over the month. The industry has added 379,000 jobs since September of 2009. Employment also rose in management and technical consulting and in business support services in June. Amusements, gambling, and recreation gained 28,000 jobs, while transportation and warehousing employment was up by 15,000.

Mining employment continued to trend up, and the industry has gained 56,000 jobs since October of 2009. Employment in manufacturing also continued to trend up in June. The industry has added 136,000 jobs so far this year. The manufacturing workweek declined by half an hour in June, more than offsetting an increase in May. Nonetheless, factory hours remained 1.3 hours above their recent trough. Employment in health care edged up in June.

Construction employment fell by 22,000; specialty trade contractors accounted for most of the decline. On net, construction employment has shown little change over the last 4 months.

Turning to measures from the survey of households, the unemployment rate edged down by 0.2 percentage point to 9.5 percent in June. Of the 14.6 million unemployed individuals, about 6.8 million have been jobless for 27 weeks or more. In comparison, 1.3 million persons were unemployed for 27 weeks or more when the Recession began.

The labor force declined in June, following increases earlier in the year; the labor force participation rate has declined by half a percentage point over the last 2 months.

The employment to population ratio edged down 58.5 percent in June. Among the employed, there were 8.6 million individuals working part-time who preferred full-time work. The number of such workers has fallen by 525,000 over the past 2 months.

In summary, payroll employment fell by 125,000 in June, as modest growth in the private sector was more than offset by a large decline in temporary census workers. The unemployment rate edged down to 9.5 percent.

My colleagues and I would now be glad to answer your questions.

[The prepared statement of Commissioner Hall, together with Press Release No. USDL–10–0886, appears in the Submissions for the Record on page 29.]

**Chair Maloney.** Commissioner Hall, what are the bright spots in this month's jobs report? And are there any particularly encouraging areas that you can report to us in this month's report?

**Commissioner Hall.** Well the biggest bright spot is of course I think the drop in the unemployment rate from 9.7 to 9.5 percent. And although the private sector job growth was not strong, it was job growth; and it has been growing now for 6 straight months. So I think in context that is a positive sign.

Manufacturing employment continues to grow—again, not strongly, but it has grown now for 6 straight months. So I think that also is a good sign.

And temporary help continues to add jobs, and has added quite a few jobs. And that continues to be a good sign for generally future growth I think in employment.

There was not really strong job growth—strong growth in any portion of the economy, but there was not strong job loss, either. And I think the several areas I mentioned were modest job growth.

**Chair Maloney.** What sectors are experiencing more job creation than job losses now? You mentioned manufacturing. What other areas?

**Commissioner Hall.** Manufacturing is. Retail trade declined a little bit this month, but over the prior six months it started to grow modestly in job growth. Of course temporary help services, I mentioned that as well.

Education and health services continues to add jobs. And leisure and hospitality has grown jobs for the last six months, and in June as well.

**Chair Maloney.** Are there any other sectors that are showing signs that they might have job growth, or giving an indication that they are getting stronger?

**Commissioner Hall.** I would say there are no real industries that are losing jobs strongly. Everything is either hovering around little job growth or is growing a little bit. So I would say that the biggest indication is probably the temporary help services that has been strong, that suggests that at some point employers will start to bring back other workers.

**Chair Maloney.** As you said, we are trending in the right direction. Are there any further indicators that overall job gains will continue in the coming months, besides the temporary help and the six months of job gains in manufacturing?

**Commissioner Hall.** Yes. I think one of the more encouraging things, although this month the manufacturing work hours declined—that's not a good sign; but prior to that, there had been a pretty steady rise in manufacturing work hours. That is generally a leading indicator, as well.

**Chair Maloney.** And I would like to ask you about the Gulf region. Have you done any analysis on the impact of the disaster on jobs in that region? Are you tracking that?

**Commissioner Hall.** We are starting to do some tabulations on that. We are probably not going to be able to simply identify which—you know, what has been the effect of the oil spill, but we will probably have some nice tabulations that will show you the areas that could be affected.

In terms of the overall job impact, this is probably going to be a tricky thing to estimate because you do get a job boost from cleanup and activities like that, but then of course you have tourism and such along the beaches that will be impacted. But we do have some pretty good data on that, and I think as more of our data becomes available people will sort of be able to tease out some of the effect.

**Chair Maloney.** And when will it be available?

**Commissioner Hall.** Some of it will be available over the next few months. The best data we've got actually will not be available for quite awhile. The payroll jobs that we sample right now, at some point we are going to do a census of all those. We do that once a year. That will give us really detailed information, but that will not be for another, probably another year.

**Chair Maloney.** Thank you.

Mr. Brady.

**Representative Brady.** Commissioner, I can't believe you just said a bright spot is that the unemployment rate fell. Do you realize that is because 652,000 Americans gave up looking for work?

**Commissioner Hall.** Absolutely. The labor force did decline by that much.

**Representative Brady.** So if next month another 600,000 people give up looking for work, should we organize some parade to cheer it? It seems to me that that is not good news going forward. And also, the second quarter I think all of us were kind of optimistic about it; it started out strong, and it has not moved forward.

I do not see any payroll job growth by industry in this month's report that is statistically significant. Do you?

**Commissioner Hall.** No, I don't. And I certainly would agree that we have not yet seen strong, sustained job growth. And that is clearly something we are going to need to see at some point to start lowering the unemployment rate further.

**Representative Brady.** I think companies are hopeful, you know what I mean, that their customers or clients will start demanding, have that confidence, consumers will have confidence, companies will have confidence to make those investments and hiring decisions, but that is not happening.

I do think it is the policies of Washington that is holding this recovery back. But I would like to point out, I agree that the unemployment benefits that have lapsed, that that is a tragedy, but I would point out that Democrats have no one to blame but themselves. This is not a surprise. We have known this deadline for months.

They hold the super-majority in the House, the Senate, and they hold the White House. I guess, other than blaming George Bush, I think they have to look in the mirror for those who will not be getting help this month.

But I think most people who are on unemployment are looking hard for work, you know, are struggling to find it, and what they really want are jobs. And this report today is not very encouraging news for them.

One concern I have, and Chairwoman Maloney raised the issue, I think correctly, the impact of the Gulf oil spill. You know, clearly it is going to have an impact on tourism along those beaches. It is going to have a big impact on, you know, tourist season is pretty short. Shrimping, oyster season is very short. Every week counts, and matters. And I think we are going to see some real impacts from that going forward in the future months.

Have you been able to estimate—another equally important blow to our economy is this drilling moratorium, six-month drilling moratorium on the 33 deep-water wells. The federal courts have stayed that moratorium, but Secretary Salazar has announced in the next few days that they will find a way to reinstate it.

In our region we are already—I had breakfast last week with a woman who was laid off due to the drilling moratorium. There are almost 50,000 jobs directly related to those rigs in the Gulf Coast in the deep-water area, and thousands of businesses, many of them small and mid-sized businesses who, as they say, we can't survive six months without revenue.

Have you had a chance to study the impact of shutting down our energy exploration in the Gulf for a six-month period, if that, including the rigs that will leave? It just was announced this week, rigs are leaving for West Africa and the Middle East and will not be returning for a year to three because of the schedule. Companies are already redeploying workers to other areas that are allowing energy exploration.

Do you have any estimates yet on what the devastating economic impact of that moratorium would be?

**Commissioner Hall.** We don't yet, but we—if you like, I can follow that——

**Representative Brady.** Okay.

**Commissioner Hall** [continuing]. And take a look and sort of see what sort of numbers——

**Representative Brady.** When do you think the impact from the Gulf spill will start showing up in your reports? I noticed in this week, for example, it was small, you know, but there was some tiny job gain in amusement, recreation, you know, that area, tourism-related type areas. Do you think we will start seeing that impact in next month's report, or the following one?

**Commissioner Hall** [continuing]. Yes, whatever impact there is I think we will. The difficulty for us is teasing out the impact of something like that. Because in context of 130 million payroll jobs, teasing out that sort of impact is very difficult.

I think we have got the right sort of data that someone can take a look at that and try to make some estimates, but to be honest it won't be easy. And it's not because it's not there; it's because it is very hard.

**Representative Brady.** You have to isolate it to build it.

**Commissioner Hall.** Yes.

[Letter dated July 27, 2010 transmitting Commissioner Hall's response to Representative Brady appears in the Submissions for the Record on page 33.]

**Representative Brady.** Great. Thank you, Madam Chairman.

**Chair Maloney.** Thank you very much. But I need to respond to my good friend and colleague. There's a lot of revisionist history going on.

Blaming the Democrats for the loss of jobs is absolutely factually incorrect. We see clearly in this chart in red, white, and blue for the 4th of July that's coming up, clearly President Bush not only inherited a surplus, but we see throughout his Administration, in a zig-zagged way, we continued to lose jobs in a downward trend until the last month he was in office. We lost, this country lost, over 779,000 jobs. That is an undisputed fact.

With President Obama and the Democratic policies, we have started to trend in the right direction. Now it is true that recoveries never move in a straight line. It has not been a straight line up that V-chart, and it certainly does not stand for victory, but it shows progress and that we are moving in the right direction.

Now it shows that we have gained private sector jobs, the truest indicator of an economic recovery. The light blue is consistently zigzagged in a way, but it shows that we are stabilizing our economy.

The recovery will take time, but we need to stay vigilant. We need to continue working. We need to continue helping our people find jobs. And I can assure you, the Democrats will not stop until every American who wants a job can get one.

I now recognize my good friend and colleague, Mr. Cummings, who has been a very creative leader in creating jobs and helping small businesses.

**Representative Cummings.** Thank you very much, Madam Chair.

Mr. Brady said when Democrats look in the mirror we should blame ourselves for the plight of our many constituents who are out of work. And I just want to be very clear that when I look in the mirror I feel good about the fact that just yesterday I voted to try to help constituents get unemployment benefits, while the other side of the aisle was voting against those in need.

So I do not know what kind of mirror we want to be looking into, but that is the mirror I look into.

And I do not want to get into the blame game, but I do want to make the picture clear. Mr. Brady also asked you about the Gulf Coast. We understand that there are 33 wells—and I have been down there twice, and I am getting ready to go again—but there are 33 wells we are talking about here, out of 3,600, 33 wells that the moratorium affects.

And when we see the damage that has been done to our environment, when we see the 11 gentlemen who were tragically killed, we had as a matter of fact one of them, his father was with us yesterday in the Transportation Committee. And then we see all the damage done to our environment, a six-month moratorium to try to get this thing straight so that it does not happen again seems to be a small price.

So we do understand that it does affect people. And I have talked to folks on both sides of that issue. But the fact still remains that billions upon billions, tens of billions of dollars of damage has already been done. Lives have been lost. And we have got to figure out how to bring a balance to this, and I think the President is doing the right thing.

But let me ask you this. Another thing Mr. Brady talked about—and I heard some people on CNBC talking about on my way here—they were saying that it was interesting that I think it was last month we had an increase in the number of jobs, but yet and still the rate—I'm not talking about this report, but the last one—but the rate stayed the same? Is that right?

**Commissioner Hall.** Yes.

**Representative Cummings.** It stayed the same. And they were saying that you have got a situation where if you are going to live and die by the rate—that is, either 9.5, 9.7, whatever—that there are certain variables that come with that. And, that—but the overall picture is still that we are going in the right direction. I mean, in other words, that we are not moving backwards? Is that a fair statement? I am not trying to put words in your mouth.

**Commissioner Hall.** No, that's a fair statement. We are making—the data is showing improvement over several months.

**Mr. Cummings.** And this temporary job thing, you talk about that every month. And you say that that is something significant. But at what point would you expect temporary jobs to turn into permanent jobs? Do you follow me?

**Commissioner Hall.** Sure, sure. You know, it is not clear. It predicts turning points very well. And it is continuing to show growth. But to be honest, the reaction sort of varies at times. Sometimes it comes faster, sometimes later.

**Representative Cummings.** And so these private temporary jobs, there was a small growth in those?

**Commissioner Hall.** Yes, there was.

**Representative Cummings.** And what is the significance of that, as opposed to public?

**Commissioner Hall.** As opposed to public? With the private sector it's a reflection of the fact, probably the fact that establishments are more likely to bring back the temporary help workers first before they start bringing back the permanent workers. That is why it winds up being sort of a leading indicator.

And it is perhaps an indicator of some uncertainty, that they are bringing back temporary folks instead of permanent hires.

**Representative Cummings.** But at least they are going in the direction of increasing something?

**Commissioner Hall.** That's correct.

**Representative Cummings.** You know there was an article in *The New York Times* just yesterday that said that employment in the manufacturing sector is on the rise. And in fact it said the data would show an increase—the report today shows a report of 9,000 jobs in manufacturing. Is that accurate?

**Commissioner Hall.** That's accurate, yes.

**Representative Cummings.** And what is the significance of this data?

**Commissioner Hall.** Well first of all, manufacturing has not shown sustained job growth for a long time. In fact, the last recession, the recovery after the last recession, manufacturing didn't regain any of those jobs lost.

So this is the first time manufacturing has shown some recovery from a recession in awhile, quite awhile.

**Representative Cummings.** So I take it that is a good sign?

**Commissioner Hall.** That is a good sign.

**Representative Cummings.** I see my time has expired, Madam Chair.

**Chair Maloney.** Thank you very much.

Commissioner Hall, at our hearing in May we talked about Dr. Krueger's testimony. He is an economist at the Treasury Department, and he had testified at an earlier Joint Economic Committee hearing that the recovery, of course, was fragile, and it was moving in the right direction but very zig-zaggy, but he did testify and said something that I thought was tremendously interesting.

He said that in most recoveries the driver of new job creation has always historically been small- and medium-sized businesses, but in this recovery it has been larger businesses. And I would like to ask you, do you have any numbers on small- and medium-sized companies and their hiring patterns?

We in Congress have initiated a number of incentives to support small businesses to help them gain access to credit, to give them a tax relief for hiring new unemployed workers, and I would like to hear the status, since it is such an important part of our economy, of the employment movement in small- and medium-sized businesses.

**Commissioner Hall.** First let me put it into context a little bit. In certainly the last recession, and in previous recessions, the job loss was somewhat centered in large firms. This particular recession it has been much more evenly balanced. There has been a much stronger job loss in small- and medium-sized firms than in past recessions.

That has been notable. And now in this recovery, the early stage of the recovery hopefully, the large industries have shown—the large establishments have had job growth, since about September, but the medium and small have not. So they have been lagging in recovery.

Our data isn't real up-to-date on that yet. We should be getting out some new data pretty soon on that, but that is the early indication.

**Chair Maloney.** Since small businesses are such an important engine of our economy and of our employment in our country, would it be possible for you to supply us on a more regular basis the information on employment in small- and medium-sized businesses?

**Commissioner Hall.** Sure. Yes. That is a tabulation that we haven't always done, but we can make an effort to try to update that for you. It is a little bit of a—it's a little bit of a difficult thing for us because our sample size on that is not very large. That's sort of why we don't do it all the time, but certainly it does—it will help inform things, so we will see what we can do.

**Chair Maloney.** Could you help put this recovery in context in the first six months of 2010? We now have six months of employment data, and I would like to see if you could put it in context. Setting aside the temporary Census jobs that we lost (you noted that 225,000 were lost), how would you characterize overall the job growth in the first six months of 2010? Not this month, but the trend in the past six months?

**Commissioner Hall.** Right. The past six months we have averaged about around 100,000 jobs a month. And while that is not strong, sustained job growth, that is job growth. And I have to say, that has actually been fairly typical.

The last two recessions, one of the things I have been struck by is, comparing to the last two recessions, the labor market, once it hit its trough, the first six months afterwards—in this Recession so far the trough looks like it was somewhere in November or December of last year. We have averaged growth of about 100,000 jobs per month in the private sector.

Last recession we hit the trough in Total Private was July of 2003. The first six months after that, we grew about 100,000 jobs a month.

**Chair Maloney.** So it's basically the same?

**Commissioner Hall.** It's basically very much the same. And the——

**Chair Maloney.** And to the six months before that?

**Commissioner Hall** [continuing]. The six months before that, the last half of last year we were losing about 175,000 jobs a month for the second half of 2009.

**Chair Maloney.** So is this a labor market in freefall? Or would you characterize it as one consistent with the early stages of prior economic recoveries?

**Commissioner Hall.** I would say this is consistent with the recoveries in the last two recessions.

**Chair Maloney.** Do you see anything in this information that is a potential pitfall or problem we could see in the future?

**Commissioner Hall.** No, just that we are in a point, as in past recessions, where we have got job growth, there is some job growth, but it is not strong job growth, and it is not sustained yet.

So I would say the biggest risk is just we will have probably a higher risk than—until we start to get strong, sustained job growth—higher risk of things not improving quickly.

**Chair Maloney.** Thank you very much. Mr. Brady.

**Representative Brady.** This recovery certainly is not consistent with the recovery of 1981 and 1982, where job growth and unemployment were again three times better than the Obama recovery.

I will, though, take comfort in telling our workers and small businesses in the Gulf Coast who will lose their jobs, are losing their jobs and losing their businesses due to the drilling moratorium, that they are, quote, "a small price to pay" for this over-reactionary and politically advantageous policymaking here in Washington.

What is frustrating I think is that this Congress, Democrat Congress, has had control over MMS that oversees the Gulf for three years and done nothing to reform it.

The Obama Administration themselves approved British Petroleum's operational waivers on the wells. They approved the cleanup plans which have turned out to be awful. They have failed to support our Gulf Coast governors and local communities in protecting the marshes and beaches. That's why you see them on TV every day pleading for help.

And now with the drilling, trying to reinstate a drilling moratorium, they are intent on turning an environmental catastrophe into an economic catastrophe. I'm not just talking about 50,000 direct jobs that will be lost by the moratorium, or the $2 billion in wages that will be taken from the economy, I'm talking about thousands of small businesses, medium-sized businesses, simply won't survive this.

And what is frustrating is that 24 lawmakers on both sides of the aisle have sent a letter to Secretary Salazar recommending a path forward that would protect the safety and security of the Gulf but allow exploration to go forward on those development and appraisal wells in the Gulf, three-fourths of them in the Gulf that pose almost no risk at all, a proposal that would save 75 percent of the jobs, avoid an energy supply problem in 2011–2012; we're just hopeful that maybe the small people, the small price to pay folks who are going to suffer can get some relief under this White House.

Maybe Congress could delay their unemployment checks, as well.

Commissioner, jobs' claims were up again last week. Construction has stalled out. No industry, as you just said a moment ago, none of the job growth here is statistically significant at all.

Now there are worries from Europe. There are concerns about manufacturing slowdowns in China and throughout the world. The debt is keeping consumers at bay. The saving rate, if I understand, continues to go up. People are banking their money rather than buying from it.

I too am looking for optimistic signs in these numbers, and the sooner we get this recovery going the better. But I just do not see what I think we are all hoping for. We need at least 200,000–250,000 private sector, not government workers but private sector workers each month, that job gain just to start working off the unemployment rate in a sustainable rate? Is that the rough estimate?

**Commissioner Hall.** Yes, I would say that would be strong sustained growth.

**Representative Brady.** So lowering the unemployment rate not by workers giving up, which is what happened again this month, but by workers going back to work, we need at least twice the job growth rate in the private sector than we got this month? Is that correct?

**Commissioner Hall.** To make a strong move downward in the unemployment rate, we do need something stronger.

**Representative Brady.** I think that's what we ought to be shooting for in all our policies up here, is, you know, adding at least 200,000–250,000 private sector, not government jobs, to the payroll so that we can get this unemployment down and people can get some hope back again; consumer confidence can rise; and companies will again, you know, not be so fearful of Washington, energy prices, new taxes, new regulation, all this debt, that they'll make those critical business investment decisions.

Thank you, Commissioner.

**Chair Maloney.** Okay. Mr. Cummings.

**Representative Cummings.** Yes, Thank you very much, Madam Chair.

The Chairwoman was asking you, Commissioner Hall, a few minutes ago about I think medium-sized and small businesses. Do you remember that?

**Commissioner Hall.** Yes, I do.

**Representative Cummings.** In my District we just had the Federal Reserve to come and talk to some small business folks, about two or three weeks ago, because the Federal Reserve was trying to get a feel for what problems they were experiencing.

And what we heard over and over again from these small business people was they had a problem with access to capital. They said that they had a lot of opportunities, a lot of opportunities to do certain jobs, but then the banks were not lending and they could not get access to capital.

And I was just wondering. When you go through your—when you make these—the Chairwoman was asking about certain information is not in your reports and was asking you to look at some things. You don't go into depth as to why certain things happen like that, do you?

In other words, you don't go that far?

**Commissioner Hall.** No, we don't.

**Representative Cummings.** And you do not even draw conclusions, do you?

**Commissioner Hall.** No.

**Representative Cummings.** I see. But that certainly is very, very significant—if you do not have the money, it is kind of hard to do what you have to do. And we have been pushing pretty hard on this side of the aisle trying to get these banks to do even more to open up the door so that people can get the capital.

One of the things that is interesting, too, as I listen to you, I could not help but think about years ago when I was learning to ride a bike. Remember, the chain had to catch? But if the chain did not catch, you were not going anywhere fast.

And basically what it sounds like here is things moving in the right direction, but there needs to be some kind of little catch, a push to get us moving, moving even faster. But once that happens, it seems, just listening to what you're saying and having read the information provided today, we might see that motion that sends us into another level of progress.

In the past, has that been the case? In other words, in talking to the Chairwoman you were talking about how this compared to 2003, I think it was, and you said six months you see about 100,000 jobs each month. So what have you seen in the past with regard to when you get beyond that six months? And is there anything different about this Recessionary situation which would cause you to have less optimism or more pessimism?

**Commissioner Hall.** It is true that in the past, through the past couple of recessions, after the six-month time period there was at some point fairly soon where the job growth did strengthen and become sustained. And we got well on our way to sort of recovering all of the jobs lost during the recession.

The biggest concern that I would have going forward is that this has been a very severe Recession. And we do need—ideally, we would have even stronger job growth than in the last couple of recessions to recover those jobs. Otherwise, it is going to take awhile to recover those jobs. That would be my biggest concern, is that we really do need even stronger job growth than we have had during the early parts of the last couple of expansions to get back the jobs.

**Representative Cummings.** And those other recessions, were they associated with anything like the problems that we have had with regard to Wall Street?

**Commissioner Hall.** No. No, in fact both those other two recessions were mild recessions and relatively short recessions. This has been neither mild or short.

**Representative Cummings.** So, I'm not putting words in your mouth, I am going to repeat what I said. President Obama came into this situation having to put a patient in intensive care, not just in critical—not just critical care, but intensive care, and now it has taken awhile to get out of that. It is a slow process.

All of us would like the patient to get better quicker, but the fact still remains that—and for every person out there, and believe me, I feel their pain. Because I see them every day. When I got back to my District today, I guarantee you there will be people that will come up to me and say: Cummings, I'm looking for a job.

But the fact is that we are going in the right direction. I just want to make it even faster.

Thank you very much, Mr. Hall.

**Chair Maloney.** Thank you very much.

I agree with my good friend and colleague, Mr. Brady, that what we want in this country is robust private sector job creation. But I believe that trying to create 250,000 private sector jobs a month is a very daunting job, given the fact that the former President, President Bush, created roughly that much during his entire eight years in office.

Again, for the 4th of July, our chart is in red, white, and blue. We were losing over 779,000 jobs a month. It takes a long time to recover, but we are trending in the right direction, employing Americans and digging ourselves out of this deep valley that President Obama inherited.

I would like to ask you, Commissioner Hall, a few questions on some reports that the JEC produced on certain demographics and the impact of this Recession on them.

In a report we did in March we found that African Americans had been disproportionately hurt by long-term unemployment. Have you seen any recent signs that the duration of unemployment is shortening for African Americans?

**Commissioner Hall.** No, I haven't.

**Chair Maloney.** You have not?

**Commissioner Hall.** No.

**Chair Maloney.** And also in a May report that we issued on working mothers, we noted that one out of three working mothers was the sole bread winner for her family. You noted in your last employment hearing that it is women with children who lost their jobs during this Recession. I am concerned how they are faring. Women and working mothers in particular—how did they fare during June?

**Commissioner Hall.** Yes. You know, I don't have that data real handy. Yes, I think we don't have that data yet, but I would be happy to follow up with you for the June numbers. That data sort of lags.

**Chair Maloney.** Okay. Thank you.

[Letter dated July 16, 2010 transmitting Commissioner Hall's response to Representative Maloney appears in the Submissions for the Record on page 34.]

**Chair Maloney.** And in a May report that the Joint Economic Committee issued on younger workers, we found that these workers were experiencing the highest unemployment in history for younger workers. Did things get any better in these June numbers for younger workers?

**Commissioner Hall.** Not significantly, no.

**Chair Maloney.** They did not. We also released a report on the impact of the Recession on Hispanic workers, and the report concluded that the drivers of unemployment in the Hispanic community are industry and geography. Latino workers were over-represented among construction employment, and going into the downturn were more likely to live in regions that were hit hard by the housing burst—the housing bubble states such as Nevada, Arizona, Florida, and California. What has happened to construction employment in the first half of 2010? Is it experiencing job gains at the same rate as some of the other sectors?

**Commissioner Hall.** No. In fact, we have been losing about 19,000 jobs a month for the first half of this year in construction, still.

**Chair Maloney.** Do you see any evidence that construction employment will expand in the near future and eventually reach the levels seen before the housing market collapse?

**Commissioner Hall.** No. I think obviously the thing you would want to see first is the pickup in new-home construction, new housing starts. And we have not yet seen a big pick up in that.

Historically it takes awhile, once the housing starts start to pick up, for the employment level to pick up. So there are not good signs on that yet.

**Chair Maloney.** And with the Latino community, we felt that we need to look at focusing on policies on providing these workers not only with skills but the ability to be mobile, to move to areas where the economy is better, particularly in the construction trades. So we have been looking at trying to improve that, and working in that area.

My time has expired. My colleague, Mr. Brady.

**Representative Brady.** Man I hate being outnumbered on this Committee. It makes for a tough Friday morning. [Laughter.]

Well I do think President Bush should apologize for the United States losing its soccer game the other day; Chicago not winning the Olympics bid; Avatar not winning the best motion picture of the year; and Democrats not passing unemployment benefits, for those who are out of work.

Let's talk about debt, because it has a real impact on our economy. The debt of course is just skyrocketing. At one point, $5 trillion last year, $1.4 trillion this year. And the Congressional Budget Office tells a terrifying tale here in their report, in America's Debt.

We have had economists before us telling us that when debt reaches a certain level, publicly held debt reaches a certain level, it creates a very strong drag on the economy, usually around the 90 percent level.

We are at 83 percent of the GDP for all debt; 62 percent in the publicly held debt. It will skyrocket over the next decade in debt. And that puts us already right now, we are below Greece, Italy, and Portugal, but above other European countries that are Ireland, Spain, that are in trouble.

In gross debt, in budget deficit we trail only Greece and Ireland. We are almost at 10 percent, the budget deficit, of percentage of our economy as well. This debt will increase as far as the eye can see. And the only thing being considered at this point are increasing taxes on families, small businesses, capital, dividends, and on companies that are trying to sell around the globe.

Commissioner, debt creates higher interest payments for a budget, puts a strain on companies borrowing as well, and tends again to drag down the economy. At what point, or can you estimate how much our economy is hurting as a result of the debt that we are accumulating? And long term what that would do to our economy?

**Commissioner Hall.** I wouldn't. That's just—I guess the main reason, that's not my garden to hoe. I am focused on the labor market.

**Representative Brady.** You are a wise man. [Laughter.]

**Representative Brady.** Can we talk a little about where you see trends going? Construction has stalled out for several months now. Manufacturing, as you said, has been stalled out as well. The few jobs we did see seem to be in services, temporary services, some services in consulting, a small amount in recreation and tourism.

Are there any significant trends within the numbers this month that we can be looking to?

**Commissioner Hall.** I don't want to speculate too much about going forward, but I think most of the trends that we have already seen have been the ones that I have mentioned, that we have had some job growth in manufacturing, and temporary help services continues to add jobs, and education and health services. Those have been the real trends pretty much all this year.

**Representative Brady.** Great. Thank you, Madam Chairman.

**Chair Maloney.** Thank you, my good friend and colleague. You mentioned the deficit, and that is a concern that we have. The Federal budget deficit was $941 billion through the first eight months of the fiscal year 2010, and $51 billion less than the record shortfall recorded over the same period last year. So both revenues and outlays are down.

The debt is now—you know, we do have a strong debt. The total debt for the Federal Government was $13 trillion, and the Federal Government paid roughly $152 billion in interest through the first eight months of 2010, or 1 percent of GDP.

We are certainly not in comparison with Greece. Certainly we need to focus on it, but to compare our economy at this point with others is really factually inaccurate.

Now Mr. Cummings is recognized for five minutes.

**Representative Cummings.** Mr. Hall, you spoke about the health care industry. You said they had increased jobs?

**Commissioner Hall.** Yes.

**Representative Cummings.** Has that been a steady situation? One of the things that I have been trying to encourage many of my constituents to do is to look towards those fields that seem to be on the upward trend, and seem to be providing jobs in a steady way. Because the reports are that a lot of companies now are doing more with less, and therefore will not be replacing people in the same jobs.

So people have to be retrained. So I am just wondering if there are areas—for people that are looking at this right now—if there are areas that you see a trend in with regard to jobs either increasing or not losing, but seeming to have a steady, you know, some kind of stability or growth, what would those areas be?

**Commissioner Hall.** Well the one that jumps out the most is in fact health care. Health care has steadily added jobs throughout the whole Recession. That is a fairly remarkable thing when you consider how many jobs we were losing while they were still growing some jobs.

And certainly going forward, the demographics of the American population are going to encourage, probably going to encourage job growth in the health care industry as well.

**Representative Cummings.** And when you look at the health care industry, is there a breakdown? Is it just general health care? Is it various types of health care? I'm just curious. Is it just health care in general?

**Commissioner Hall.** We've got some breakdowns into some various categories.

**Representative Cummings.** Okay, can you give me an idea of just generally what some of them might be?

**Commissioner Hall.** Sure.

**Representative Cummings.** In other words, I want people who are watching this to get an idea of what might be—I have got some people who have been out of a job for a long time, and they are trying to figure out where they go from here, and possibly going to a community college, or going back for some type of training, and I just want to give them some sense of hope. I have heard a lot of fear from Mr. Brady this morning, but I want to give some hope.

**Commissioner Hall.** Sure. Within health care we have got ambulatory health care services, which includes: offices of physicians, outpatient care centers, home health care services. That sector added about 7,400 jobs this month. That was the major part of the job growth in health care this month.

Hospitals actually have been losing jobs the last, this past month, the last 2 months. But there's also nursing and residential care facilities, which the biggest part is nursing care facilities. Those have been adding jobs throughout the Recession.

And then—well social assistance is often worked into health care, as well, and that has continued to add jobs, child day care services and such.

**Representative Cummings.** Now are there any other areas other than health care that might fall into that category of staying steady or increasing jobs?

**Commissioner Hall.** Sure. You know, I think one of the things—I don't have the numbers in my mind very clearly, but we do produce some long-term forecasts on occupations and industry growth. And we have just released some last year that really give you an idea in great detail about the sort of industries where we expect job growth through either replacement or through just growing industries.

There are a number of areas, mostly services' industries, service-providing industries, that have quite a bit of promise.

**Representative Cummings.** The tourism industry and restaurants, or whatever, how are they doing?

**Commissioner Hall.** They are doing okay. They have actually gone up and down. Those haven't shown a real clear pattern. We did have a loss this month in retail.

**Representative Cummings.** The reason why I mentioned tourism and things of that nature is because it might show some confidence on the part of consumers if they are doing things that they might otherwise, if they were so concerned about finances, that they probably would not do. And I was just trying to figure out——

**Commissioner Hall.** Sure. That makes logical sense, and I have sort of looked at that and I have not seen a real clear pattern, to be honest.

**Representative Cummings** [continuing]. I see.

**Commissioner Hall.** It does not seem to reflect so well consumer confidence like you think it might, like I thought it would.

**Representative Cummings.** So last question. If the President called you as soon as we finished here and said: Hall, what is your summary of this month's report? What would you say?

**Commissioner Hall.** I would say this is not a strong report, but the prior six months have been encouraging. This is not a strong report, but we did have a drop in the unemployment rate. We did have some job growth. And the past six months have had some job growth.

**Representative Cummings.** Thank you very much.

**Chair Maloney.** Thank you very much, Commissioner Hall, and your staff for being here today. And I thank my colleagues.

The last six months, as Commissioner Hall has pointed out, the data clearly shows that the labor market has begun to turn around and is trending in the right direction.

Without a doubt, job creation will be at the top of our to-do list, and it will remain there until Americans across America are back to work. So I would like to wish everyone a safe and happy Independence Day, and thank you very much.

[Whereupon, at 10:46 a.m., Friday, July 2, 2010, the meeting of the Joint Economic Committee was adjourned.]

# SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF CAROLYN MALONEY, CHAIR, JOINT ECONOMIC COMMITTEE

Today's Employment Report from the Bureau of Labor Statistics shows that in June, the economy added 83,000 private sector jobs, the sixth straight month of employment gains in the private sector.

Since the beginning of the year, the economy has added 593,000 jobs in the private sector.

As expected, the June report also showed a sharp decline in temporary Census workers causing total nonfarm payrolls to decline for the first time this year.

Additionally, the June employment report showed that the unemployment rate ticked down to 9.5 percent and the number of unemployed workers declined by 350,000.

Although the overall unemployment rate has declined from its peak of 10.1 percent in October, not all demographic groups are seeing the same trends in unemployment rates.

For example, the unemployment rate for African American workers continued to rise after October, although the current unemployment rate of 15.4 percent is lower than the peak of 16.5 percent.

Although the unemployment rate for women showed little change in the first 5 months of 2010, the unemployment rate for women declined in June to 8.3 percent.

We have made real progress in the past year. Last June, we lost 452,000 private sector jobs. While these job gains are not as robust as earlier this year, the trend is in the right direction.

The policies that Democrats in Congress quickly put into place over the last year are working.

In addition to overall private sector job gains,

- Manufacturing employment has risen for six months in a row, after falling 3 straight years.
- Consumer spending has risen every month since October 2009.
- Surveys of both the service sector and the manufacturing sector show that growth expected to continue.

But we have to be patient. The path to recovery is never a straight line. For the millions of workers who lost their jobs, it will take time for them to become employed again.

We also have to be vigilant. The recovery is still fragile and our economy is still vulnerable.

In fact, Nobel laureate Paul Krugman believes that we are in the early stages of another Great Depression.

He recently wrote that this depression "will be primarily a failure of policy . . . governments are obsessing about inflation when the real threat is deflation, preaching the need for belt-tightening when the real problem is inadequate spending."

I am disheartened that the Senate has failed to extend unemployment insurance benefits, despite the fact that there are still 14.6 million unemployed workers bearing the brunt of the worst economic crisis since the Great Depression.

As a result, an estimated 1.7 million unemployed workers will lose benefits by the end of next week.

Some Members of Congress do not want to extend unemployment benefits because they believe these benefits create a disincentive for people to seek work.

As this JEC majority staff report shows, the evidence is clear—these benefits do not inhibit job seekers from vigorously looking for or accepting work.

Instead, these benefits provide an enormous benefit to society, by stimulating the economy as well as preventing workers from dropping out of the labor force.

Even former Fed Chairman Alan Greenspan expressed strong support for extensions of unemployment benefits after the first Bush recession.

In a hearing before the JEC in May 2003, Chairman Greenspan stated, "When you're in a period of job weakness where it is not a choice on the part of people whether or not they're employed or unemployed, then, obviously, you want to be temporarily generous. And that's what we've done in the past, and I think it's worked well."

In May 2003, we had fewer than 3 unemployed workers for every opening and the unemployment rate was 6.1 percent.

The most recent data shows that there are 5 unemployed workers for every opening and the unemployment rate is 9.5 percent.

Extending these benefits provides more than needed stimulus to the economy and a social safety net for people who are out of work.

It is fiscally prudent as well.

Disabled workers who become discouraged and drop out of the labor force enter the Social Security Disability Insurance program, which is much more expensive than unemployment insurance benefits.

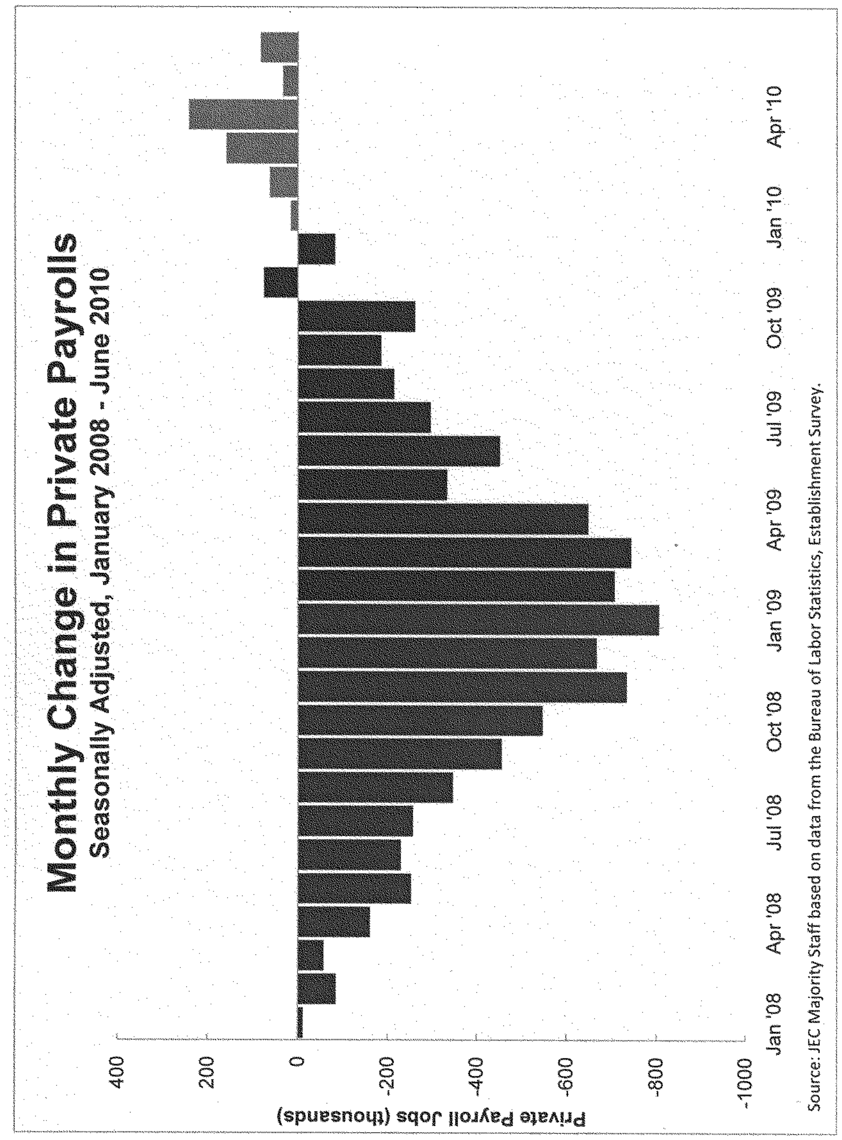
We also know that unemployment benefits stimulate the economy. Every dollar in unemployment benefits multiplies to create over $1.60 in economic activity.

At a hearing before this committee in February, Douglas Elmendorf, Director of the nonpartisan Congressional Budget Office, testified that extending these benefits is one of the most effective and efficient ways to stimulate the economy.

And surely it is obvious that getting the economy to grow and getting people back to work are crucial to getting our deficit under control.

Moreover, this will be the first time since 1959 that the government will allow unemployment benefits to expire when the national unemployment rate was above 7 percent.

It is time for all Members of Congress to put the American people first.



Source: JEC Majority Staff based on data from the Bureau of Labor Statistics, Establishment Survey.

PREPARED STATEMENT OF REPRESENTATIVE KEVIN BRADY

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

Today's report is bad news for American workers and their families. Total non-farm payroll employment decreased by 125,000. Even after excluding the layoffs of 225,000 temporary Census workers, private sector payroll job growth remains anemic at 83,000. At this slow pace it will take much of the decade to return to normal employment levels.

While the unemployment rate fell to 9.5 percent, it fell for the wrong reason, a precipitous drop of 652,000 in the labor force. The number of discouraged and other marginally attached workers that have stopped actively seeking jobs rose to 2.6 million, an all-time series high. And 6.8 million American workers have remained unemployed for six months or longer.

In January 2009, President Obama promised that the Democrats' economic program would restore confidence and jump-start the U.S. economy. Last month, the Conference Board's Consumer Confidence Index fell dramatically by 9.8 percentage points to 52.9. Consumer confidence is flagging because families are frightened by dangerous deficits as far as the eye can see.

As for jump-starting the economy, two of the Administration's top economists, Christina Romer and Jared Bernstein, predicted that if Congress were to pass the President's stimulus bill then (1) the unemployment rate would remain below 8.0 percent, and (2) non-farm payroll employment would increase to 137.6 million by the fourth quarter of 2010. Democrats in Congress enacted the *American Recovery and Reinvestment Act* on February 17, 2009, but this stimulus has fallen far short of these predictions.

The growth of real GDP slowed by more than one-half from 5.6 percent in the fourth quarter of 2009 to 2.7 percent in the first quarter of 2010. A number of economic indicators flashed yellow in the second quarter of 2010, suggesting that economic growth may be sluggish for the remainder of this year and 2011. Americans don't see an economy in recovery, they see a White House seemingly incapable of protecting our beaches or getting people back to work.

This anemic economic performance after the recession that began in December 2007 is in sharp contrast to the robust economic growth that benefited American workers and their families after the 1981–1982 recession. During the first three quarters of recovery, the real GDP growth rate averaged 7.5 percent under Reagan compared with 3.5 percent under Obama. Eleven months into the recovery under Reagan, payroll employment increased by 2.8 million, and the unemployment rate fell by 2.3 percentage points. In contrast, twelve months into the Obama recovery, payroll employment has fallen by 195,000.

President Reagan's economic policies were a tailwind accelerating real GDP growth. President Reagan pursued pro-growth policies including large reductions in marginal tax rates, deregulation, and trade liberalization. Combined with the disinflationary monetary policies under Federal Reserve Chairmen Paul Volcker and Alan Greenspan, Reagan laid the foundation for two decades of prosperity.

In contrast, President Obama and Congressional Democrats have pursued largely anti-growth policies that have hindered this recovery. Businesses are slow to hire because they fear higher taxes, job killing regulation and a dysfunctional Washington that is ideologically driven and increasingly anti-business. Instead of providing encouragement, President Obama and this Congress have given entrepreneurs reason to worry.

Ominously, President Obama and Congressional Democrats are insisting on reckless increases in federal spending both now and in the future. This puts the triple-A reputation of the U.S. government into jeopardy for the first time since Secretary of the Treasury Alexander Hamilton miraculously resurrected the finances of the United States after the Revolutionary War and put us on the road to becoming the world's economic superpower.

The Congressional Budget Office projects that under the President's budget, federal spending will grow to 25.2 percent of GDP, well above its post-war average of 19.5 percent of GDP. A structural budget deficit in excess of 4 percent of GDP will persist through the next decade. Consequently, publicly held federal debt will rise to 90.0 percent of GDP by the end of fiscal year 2020. In *The Long-Term Budget Outlook* released two days ago, the Congressional Budget Office projects that under the alternative fiscal scenario, which keeps current policies in place, uncontrolled spending growth will cause the publicly held federal debt to explode to 947 percent of GDP by the end of fiscal year 2084.

President Obama and Congressional Democrats are pursuing reckless fiscal policies that are clearly unsustainable. Unless their excessive spending, deficits, and debt accumulation are quickly reversed, the United States may experience a debt crisis similar to Greece. We are putting the future of our children and grandchildren in grave jeopardy. Unlike Greece, however, no one will be around to bail us out.

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

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PREPARED STATEMENT OF REPRESENTATIVE ELIJAH E. CUMMINGS

Thank you, Madam Chair.

Commissioner Hall, I appreciate you and your team from the Bureau of Labor Statistics for being here today.

Last week, Chairwoman Maloney and I spent a great deal of time in this room as conferees to the Dodd-Frank Regulatory Bill.

In addition to ensuring that Federal Regulators have the necessary tools for restructuring "too big to fail" financial organizations *before* irresponsible behavior could again threaten our entire economy, we looked out for the people on Main Street by providing support to those facing foreclosure through no fault of their own.

During the last 15 months, I have sponsored four foreclosure prevention seminars, and thousands of distressed homeowners have attended. Black, White, and Hispanic Americans—they all were in tears.

We can and must do better than this.

This is why I am extremely gratified that the conference committee accepted my proposal for the creation of a $1 billion fund—that would provide low-interest "bridge loans" to homeowners facing foreclosure.

Let me repeat myself. This is a loan, **not** free money.

I am also pleased that the House passed legislation to extend unemployment benefits to over 1 million people yesterday.

It is my hope that the Senate will take up this matter after the District Work Period.

We took care of the people on Wall Street but it is our duty to assist those who have fallen victim to circumstances beyond their control.

* * *

Now there are some who will argue that Congress should be focused more on **job creation**—well we have been and it is priority number one.

Excluding the economic stimulus bill, Congress has enacted and President Obama signed into law, the Hiring Incentives to Restore Employment (HIRE) Act that provides a new payroll tax exemption that will lead to the creation of over 300,000 jobs.

Additionally, the House has passed **6 major** job creation bills that would create over 600,000 jobs when enacted.

Chief among them is H.R. 5019, HOME Star Energy Retrofit Act that would provide immediate incentives for consumers to renovate their homes to become more energy-efficient, while saving families money.

Of equal importance is the fact that HOME Star would create over 160,000 jobs in construction, manufacturing and retail industries that have been devastated by the economic crisis.

It is my hope that the Senate will move quickly in considering all of these bills.

* * *

This morning, we learned that the private sector added 83,000 jobs during the month of June.

Like many, I had hoped to see greater gains. However, these additional jobs are not to be taken for granted. I know that each of these families is incredibly appreciative.

All of us should remember that prior to President Obama taking office, our constituents faced job losses of nearly 800,000 a month.

Whereas, under Democratic leadership—jobs have been created in 6 of the last 7 months—this is over **1 million jobs**.

* * *

However, while traveling through by hometown of Baltimore and other parts of my district, I am keenly aware that many more people need jobs.

In fact, Wednesday's *Washington Post* discussed a survey conducted by the Pew Research Center in which **nearly half of the survey's respondents say they are in worse financial shape as a result of the downturn, which destroyed 20 percent of Americans' wealth**.

So, I understand and agree that more needs to be done in order to get middle and working class families back to work.

However, the need and importance of interim assistance like the short-term bridge loans and unemployment benefits should not be discounted.

Madam Chair, I look forward to Dr. Hall's testimony and with that, I yield back.

PREPARED STATEMENT OF KEITH HALL, COMMISSIONER, BUREAU OF LABOR STATISTICS

Madam Chair and Members of the Committee:

Thank you for the opportunity to discuss the employment and unemployment data we released this morning.

Nonfarm payroll employment fell by 125,000 in June, and the unemployment rate edged down to 9.5 percent. The decline in employment reflects a large drop in the number of temporary workers for Census 2010. The number of jobs in the private sector edged up (+83,000), due to modest increases in several industries. Private sector employment has risen by 593,000 so far in 2010, but in June was 7.9 million below its prerecession level.

Over the month, federal government employment declined sharply. The number of temporary Census 2010 workers dropped by 225,000, leaving 339,000 temporary workers on the Census payroll.

In the private sector, temporary help services employment continued to grow over the month (+21,000). The industry has added 379,000 jobs since September 2009. Employment also rose in management and technical consulting (+11,000) and in business support services (+7,000) in June. Amusements, gambling, and recreation gained 28,000 jobs, while transportation and warehousing employment was up by 15,000.

Mining employment continued to trend up (+6,000), and the industry has gained 56,000 jobs since October 2009. Employment in manufacturing also continued to trend up in June (+9,000). The industry has added 136,000 jobs so far this year. The manufacturing workweek declined by half an hour in June, more than offsetting an increase in May. Nonetheless, factory hours remained 1.3 hours above their recent trough. Employment in health care edged up in June (+9,000).

Construction employment fell by 22,000; specialty trade contractors accounted for most of the decline. On net, construction employment has shown little change over the last 4 months.

Average hourly earnings of all employees on private nonfarm payrolls decreased by 2 cents in June to $22.53. Over the past 12 months, average hourly earnings have increased by 1.7 percent. From May 2009 to May 2010, the Consumer Price Index for All Urban Consumers (CPI-U) rose by 2.0 percent.

Turning to measures from the survey of households, the unemployment rate edged down by 0.2 percentage point to 9.5 percent in June. Of the 14.6 million unemployed individuals, about 6.8 million had been jobless for 27 weeks or more. In comparison, 1.3 million persons were unemployed for 27 weeks or longer when the recession began.

The labor force declined in June (−652,000). Following increases earlier in the year, the labor force participation rate has declined by half a percentage point over the last 2 months.

The employment-population ratio edged down to 58.5 percent in June. Among the employed, there were 8.6 million individuals working part-time who preferred full-time work. The number of such workers has fallen by 525,000 over the past 2 months.

In summary, payroll employment fell by 125,000 in June, as modest growth in the private sector (+83,000) was more than offset by a large decline in temporary census workers (−225,000). The unemployment rate edged down to 9.5 percent.

My colleagues and I now would be glad to answer your questions.

# U.S. Bureau of Labor Statistics

## Economic News Release

## Employment Situation Summary

Transmission of material in this release is embargoed USDL-10-0886
until 8:30 a.m. (EDT) Friday, July 2, 2010

Technical information:
Household data: (202) 691-6378 * cpsinfo@bls.gov * www.bls.gov/cps
Establishment data: (202) 691-6555 * cesinfo@bls.gov * www.bls.gov/ces

Media contact: (202) 691-5902 * PressOffice@bls.gov

THE EMPLOYMENT SITUATION -- JUNE 2010

Total nonfarm payroll employment declined by 125,000 in June, and the unemployment rate edged down to 9.5 percent, the U.S. Bureau of Labor Statistics reported today. The decline in payroll employment reflected a decrease (-225,000) in the number of temporary employees working on Census 2010. Private-sector payroll employment edged up by 83,000.

Household Survey Data

Both the number of unemployed persons, at 14.6 million, and the unemployment rate, at 9.5 percent, edged down in June. (See table A-1.)

Among the major worker groups, the unemployment rate for adult women (7.8 percent) declined, while the rates for adult men (9.9 percent), teenagers (25.7 percent), whites (8.6 percent), blacks (15.4 percent), and Hispanics (12.4 percent) showed little or no change. The jobless rate for Asians was 7.7 percent, not seasonally adjusted. (See tables A-1, A-2, and A-3.)

In June, the number of long-term unemployed (those jobless for 27 weeks and over) was unchanged at 6.8 million. These individuals made up 45.5 percent of unemployed persons. (See table A-12.)

The civilian labor force participation rate fell by 0.3 percentage point in June to 64.7 percent. The employment-population ratio, at 58.5 percent, edged down over the month. (See table A-1.)

The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers), at 8.6 million, was little changed over the month but was down by 525,000 over the past 2 months. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job. (See table A-8.)

In June, about 2.6 million persons were marginally attached to the labor force, an increase of 415,000 from a year earlier. (The data are not seasonally adjusted.) These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey. (See table A-16.)

Among the marginally attached, there were 1.2 million discouraged workers in June, up by 414,000 from a year earlier. (The data are not seasonally adjusted.) Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.4 million persons marginally attached to the labor force had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities. (See table A-16.)

Establishment Survey Data

Total nonfarm payroll employment decreased by 125,000 in June, reflecting the departure of 225,000 temporary Census 2010 workers from federal government payrolls. Total private employment edged up over the month (+83,000) due to modest increases in several industries. So far this year, private-sector employment has increased by 593,000 but in June was 7.9 million below its December 2007 level. (See table B-1.)

Within leisure and hospitality, employment rose over the month by 28,000 in amusements, gambling, and recreation.

Within professional and business services, employment continued to increase in temporary help services (+21,000). Employment in temporary help has risen by 379,000 since a recent low in September 2009. Elsewhere in professional and business services, management and technical consulting (+11,000) and business support services (+7,000) also added jobs over the month.

In June, transportation and warehousing added 15,000 jobs. Since a recent low in February, this industry has added 44,000 jobs.

Health care employment edged up in June (+9,000). Over the past 12 months, the industry has gained 217,000 jobs.

Mining employment continued to trend up in June (+6,000); the industry has gained 56,000 jobs since October 2009. Within mining, support activities added 7,000 jobs in June.

Manufacturing employment continued to trend up over the month (+9,000). The industry has added 136,000 jobs since December 2009.

Construction employment decreased by 22,000 in June, with the largest decline in nonresidential specialty trade contracting. On net, construction employment has shown little change over the last 4 months.

Employment in other private-sector industries, including wholesale trade, retail trade, information, and financial activities showed little change in June.

Government employment fell by 208,000 in June, driven by the loss of 225,000 temporary workers hired for Census 2010. Employment in both state and local governments was little changed over the month.

In June, the average workweek for all employees on private nonfarm payrolls decreased by 0.1 hour to 34.1 hours. The manufacturing workweek for all employees decreased by 0.5 hour to 40.0 hours; this followed an increase of 0.4 hour in May. The average workweek for production and nonsupervisory employees on private nonfarm payrolls was unchanged at 33.4 hours in June. (See tables B-2 and B-7.)

Average hourly earnings of all employees in the private nonfarm sector decreased by 2 cents, or 0.1 percent, to $22.53 in June. Over the past 12 months, average hourly earnings have increased by 1.7 percent. In June, average hourly earnings of private-sector production and nonsupervisory employees were unchanged at $19.00. (See tables B-3 and B-8.)

The change in total nonfarm payroll employment for April was revised from +290,000 to +313,000, and the change for May was revised from +431,000 to +433,000.

The Employment Situation for July is scheduled to be released on Friday, August 6, 2010, at 8:30 a.m. (EDT).

- Employment Situation Summary Table A. Household data, seasonally adjusted
- Employment Situation Summary Table B. Establishment data, seasonally adjusted
- Employment Situation Frequently Asked Questions
- Employment Situation Technical Note
- Table A-1. Employment status of the civilian population by sex and age
- Table A-2. Employment status of the civilian population by race, sex, and age
- Table A-3. Employment status of the Hispanic or Latino population by sex and age
- Table A-4. Employment status of the civilian population 25 years and over by educational attainment
- Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted

**The PDF version of the news release**

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**Last Modified Date:** July 02, 2010

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www.bls.gov/CPS | Telephone: 1-202-691-6378 | Contact CPSwww.bls.gov/CES | Telephone: 1-202-691-6555 | Contact CES

JUL 2 7 2010

The Honorable Kevin Brady
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Brady:

I appreciated the opportunity to participate in the Joint Economic Committee's July 2, 2010, hearing on the Employment Situation report. You had requested information on the economic impact of the drilling moratorium.

Offshore drilling and extraction may be classified in oil and gas extraction or in support activities for mining, and there is not a breakout specifically for offshore drilling. Employment in oil and gas extraction and in support activities for mining may decline if rigs leave the United States. The Current Employment Statistics (CES) survey is designed to measure the net change in employment. The Bureau of Labor Statistics (BLS) cannot separate the effects of the moratorium from other influences on the economy. The CES survey will also capture other direct and indirect impacts from the drilling moratorium but, again, cannot quantify the number of jobs. The CES survey is designed for a quick turnaround, and BLS releases the data just 3 weeks after the week that includes the 12th of the month. The survey is not designed to quantify employment change by reason.

State employment is available through June 2010. We have enclosed a package about the labor market in the State of Texas.

I hope you will find this information useful, and I look forward to continued discussions with you and the Committee about economic developments. If you have any questions, please do not hesitate to contact me on (202) 691-7800.

Sincerely yours,

KEITH HALL
Commissioner

Enclosure

JUL 16 2010

The Honorable Carolyn Maloney
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Maloney:

I appreciated the opportunity to participate in the Joint Economic Committee's July 2, 2010, hearing on the June Employment Situation report. At the hearing, you asked about the recent labor market experience of women.

In June, the unemployment rate for adult women was 7.8 percent, down 0.3 percentage point from May. Women who maintain families without spouses had an unemployment rate of 12.1 percent, little changed from the rate in June 2009. (Data for women maintaining families are not available on a seasonally adjusted basis for a month-to-month comparison.)

I have enclosed a copy of our latest annual report on the employment characteristics of families, which provides more information about women and mothers than is available on a monthly basis.

I hope you will find this information useful, and I look forward to continued discussions with you and the Committee about labor market developments. If you have any questions, please do not hesitate to contact me at (202) 691-7800.

Sincerely yours,

KEITH HALL
Commissioner

Enclosure

NARDONE/btf X16378
cc: Comm. R.F., Galvin, Nardone, Allard, Haugen, Bowler, RF, DF