



CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE

**Congressman Jim Saxton
Ranking Republican Member**

PRESS RELEASE

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**STATEMENT OF
CONGRESSMAN
JIM SAXTON
RANKING MEMBER**

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LABOR MARKET POLICIES ABROAD

WASHINGTON, D.C. – It is a pleasure to join in welcoming the witnesses before the Committee this morning.

The topic of labor market policies in other countries is useful to examine. As we know, leave and training policies are usually part of a larger set of labor market policies. In Europe, these policies, viewed as a whole, have significantly increased the cost of employment with the result that unemployment is quite high in countries such as France and Germany. While officially lower in other countries such as Sweden, the largest Swedish trade union has acknowledged that the true unemployment rate is significantly higher than the official rate. This unemployment disproportionately affects younger workers as well as immigrants. The bottom line is that we have to look at the big picture in reviewing labor market policies in specific countries, including their programmatic costs, their economic effects, and the preferences of affected workers.

The GAO review released today, contrary to what might be suggested, does not show that the U.S. lags behind. The GAO report states clearly that “we did not conduct a comprehensive review of similar workplace flexibility and training strategies in the U.S., nor did we seek to determine whether other countries’ strategies could be implemented in the U.S.” In staff level discussions, the GAO has made clear that there are too many other factors involved to permit the GAO to make a judgment about whether these policies would work in the U.S.

Furthermore, in conducting its review, the GAO did not actually talk directly to affected workers. As the GAO also notes, “our review of the laws and regulations was limited by the extent that specific information was accessible, and written in English.” In addition, the GAO did not examine or analyze the costs of the policies it mentions in its review.

Obviously, without an accounting and examination of programmatic costs, it would be impossible to make an informed, impartial, and balanced evaluation of any government program overseas or here at home. As GAO Comptroller General David Walker has emphasized many times in GAO’s “Fiscal Wake-up Tour,” one of the biggest economic threats facing the U.S. in coming years is an avalanche of additional entitlement spending, much of which is not adequately reflected in current budget accounting. The GAO review released today does not purport to examine a number of important budget cost or other budget issues; it does not reach any judgments about whether any of the policies reviewed would work in the U.S.; and it contains no policy endorsements or recommendations. In sum, the GAO does not attempt to add up the hundreds of billions of dollars such policies could cost if implemented in the U.S., even though they might have to be included in Comptroller Walker’s future Fiscal Wake-up presentations.

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