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JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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STATEMENT OF CHAIRMAN JIM SAXTON February Employment Situation

WASHINGTON, D.C. – I am pleased to welcome Acting Commissioner Orr once again before the Joint Economic Committee (JEC) to testify on the February employment situation.

The employment data reported today appear to reflect the end of the recession also shown in other recent economic data. Payroll employment stopped its long decline, actually rising 66,000 in February, although partially under the influence of special factors. The decline of the unemployment rate in January was sustained in February, leaving its level at 5.5 percent.

Last month I noted the preliminary signs that indicated the economy may have bottomed out. Since this time additional data have been released suggesting that an economic rebound appears to be underway. A resumption of economic growth would be very welcome news for all Americans, although it remains to be seen how strong and sustained the rebound will be.

Nonetheless, the recent data have been generally quite positive. GDP growth in the fourth quarter of 2001 was sharply revised upward, with consumption growth reaching six percent in that period. The Institute for Supply Management data suggest that manufacturing as well as service industry output is now increasing. Personal income and consumption have both increased according to the most recent monthly data. The leading economic indicators have risen for four months in a row.

The bottoming out in manufacturing output is encouraging since its problems signaled the outset of the slowdown in 2000. Housing and auto sales remain strong, and other official statistics also register improvement. Over the last month the evidence has continued to mount that the recession has ended.

However, the fragility of the economy, particularly investment, remains a concern that justifies enactment of economic stimulus legislation by the Congress. Moreover, the economy remains vulnerable to risks from adverse international economic developments, high debt levels, security costs, and other factors.

Given the recession and the events of September 11, the prospect of economic recovery in the near future is especially impressive and reflects the remarkable resilience of the American economy and people.

In conclusion, what had been preliminary signs of economic recovery last month have now been confirmed in other more recent data. However, we must be on guard against complacency. Congressional enactment of economic stimulus legislation would be a prudent insurance policy against the potential for another slowdown in economic activity.

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