



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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STATEMENT OF CHAIRMAN JIM SAXTON SEPTEMBER EMPLOYMENT SITUATION

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WASHINGTON, D.C. – I would like to welcome Deputy Commissioner Rones of the Bureau of Labor Statistics (BLS) and his colleagues before the Committee this morning to discuss the September employment data.

As we all know, both the household and establishment measures of employment in September have been affected by Hurricane Katrina. The catastrophic impact of Katrina on the Gulf Coast has caused a tragic loss of life and widespread destruction of property and businesses. Many of the affected businesses either have been unable to reopen or have only partially recovered, and do not have the resources to continue to meet payrolls at previous levels. As a result, employment was essentially unchanged in September as measured in both employment surveys.

According to the establishment survey, payroll employment shows an apparent decline of 35,000 in September, but this is not statistically meaningful. Household survey employment was also statistically unchanged. The unemployment rate edged up by 0.2 percent in September. It is likely that the effects of the hurricanes will affect the employment data for the next several months. The hurricanes will also temporarily reduce the rate of economic growth in the second half of 2005.

According to the Congressional Budget Office (CBO), the hurricanes will reduce the rate of economic growth by about half a percentage point in the second half of the year. Some forecasters expect that reconstruction in the Gulf region will boost economic activity next year.

The National Association for Business Economics (NABE) survey projects that the economy will still grow at a rate exceeding 3 percent in both 2005 and 2006. Unfortunately, the upward trend in employment growth was disrupted in September, and may take a few months to fully recover. Nonetheless, the data reported today demonstrate the resilience of the U.S. economy in absorbing yet another severe shock.

The Federal Government has responded to the hurricanes by providing \$62 billion in disaster aid in addition to the other Federal assistance triggered under a variety of programs. Others have sought as much as \$250 billion in disaster aid, an amount viewed as excessive by many, including the *Washington Post* editorial page. The Congress will devote much of its time in coming months to finding the right policy mix needed for the recovery of the Gulf Coast. Tax and regulatory relief for the employers and employees devastated by the hurricanes should certainly be part of the Federal response.

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