



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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STATEMENT OF CHAIRMAN JIM SAXTON

Contact: Christopher Frenze
Executive Director
(202) 225-3923

OCTOBER EMPLOYMENT SITUATION

WASHINGTON, D.C. – It is a pleasure to welcome Commissioner Utgoff before the Committee once again to testify on the employment situation.

The employment figures released today may reflect the indirect effects of the recent hurricanes. Payroll employment increased by 56,000 in October to a level of 134.1 million. According to the separate household survey, the unemployment rate edged down to 5.0 percent.

Other standard economic indicators reflect the health of the U.S. economy. Figures released last week indicate that the economy grew at a 3.8 percent rate last quarter, despite the massive regional destruction wrought by the hurricanes. So far during 2005, the economy has expanded at a 3.6 percent rate, roughly in line with Federal Reserve expectations as well as the Blue Chip Consensus.

Equipment and software investment, which has bolstered the economy since 2003, continues at a healthy pace. This component of investment responded especially sharply to the incentives contained in the 2003 tax legislation. Employment has also gained over this period, with 4.2 million jobs added to business payrolls since May of 2003. The unemployment rate is 5.0 percent.

Consumer spending continues to grow. Homeownership has reached record highs. Household net worth is also at a record level. Productivity growth continues at a healthy pace. Although higher energy prices have raised business costs and imposed hardship on many consumers, these prices have not derailed the expansion.

In summary, the economy has displayed impressive flexibility and resilience in absorbing many shocks. Monetary policy and tax incentives for investment have made important contributions in accelerating the expansion in recent years. The most recent release of Fed minutes indicates that the central bank expects this economic growth to continue through 2006. The Blue Chip Consensus of private economic forecasters also suggests that the economy will grow in excess of 3 percent next year, and that employment will continue to rise.

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