

## **Economic Conditions Worsen, Comprehensive, Robust and Urgent Action on Economic Recovery & Jobs Needed**

Nearly two million Americans have lost their jobs this past year -- and millions more are working harder in jobs that pay less and come with fewer benefits. Nearly \$7 trillion in wealth has been lost in the stock market, including the retirement savings of many American families. And the economic news continues to worsen, with some noting that we are facing the "the bleakest economic outlook since World War II."

To face these serious and growing economic challenges, the 111th Congress is hitting the ground running to help President Obama pass his American Recovery and Reinvestment Plan to create and save 3 million jobs over two years, and reinvest in our future by rebuilding our infrastructure from bridges to broadband, making our health care system more efficient and cost-effective, modernizing our schools for 21st century learning, and investing in a cleaner and more efficient energy future.

The following economic news demonstrates the growing need for this robust economic recovery and jobs package.

- **JOB LOSSES:** America has suffered 11 straight months of American jobs losses totaling nearly 2 million this year -- with 1.3 million job losses in the last three months alone. The job losses totaled 533,000 in November - the biggest one-month jump in 34 years.
- **UNEMPLOYMENT:** In November, the unemployment rate surged to 6.7 percent -- the highest level in 15 years -- up from 4.7 percent the year before. The number of Americans looking for work climbed to 10.3 million in November - the highest number in 25 years (since September 1983). The number of unemployed has increased 2.7 million during the recession and 2.7 million more Americans have been forced into part-time work. Jobless rates are up in 49 states and the District of Columbia over the past year, and they increased in 37 states and D.C. in the month of November alone.
- **ECONOMY SLOWS:** This fall, the Gross Domestic Product, the measure of goods and services produced in the United States, fell at an annual rate of 0.5 percent in the third quarter of 2008 -- the largest drop in seven years and down from the 2.8 percent increase in the 2<sup>nd</sup> quarter.
- **RECESSION:** The U.S. economy has officially been in recession since December 2007 according to the National Bureau of Economic Research. That already makes it the longest downturn since the 16-month slump of 1981-82, which is tied for the longest recessions since World War II. Analysts say the downturn could be the most severe since the Great Depression.
- **CONSUMER SPENDING:** Spending by consumers plunged at an annual rate of 3.8 percent this fall, for the biggest decline in nearly three decades. Consumer spending is crucial to the health of the American economy, accounting for two-thirds of all economic activity.

- **DECLINING FAMILY INCOME & BENEFITS:** This recession comes after seven years of the American people working harder, but making less with fewer benefits. Since 2000, worker productivity is up, but the purchasing power of the typical working age family's income is down by more than \$2,000. The share of people with employer-provided health insurance dropped from 64% in 2000 to 59% in 2007. And the portion of private-sector workers with a pension dropped from 50% to 45% from 2000 to 2007.
- **RISING COSTS:** Since 2001, premiums for family health coverage have climbed 78 percent, with workers paying more than \$3,200 per year. And nearly 46 million Americans are without health insurance. Education. Food prices have risen nearly 6 percent this year.
- **GROWING BANKRUPTCIES & CONSUMER DEBT:** With greater stress on family finances, bankruptcy filings climbed 34 percent this fall to 292,291 -- almost certainly due to the unprecedented level of consumer debt, the distressed economy, and the housing crisis. Consumer debt now totals more than \$2.6 trillion or about \$8,500 in debt for every man, woman and child in the United States.
- **HOUSING CRISIS:** There were 2.25 million home foreclosures this year, more than double the annual pace before the crisis set in and a record 1 in 10 U.S. homeowners was delinquent on mortgage payments or in foreclosure this fall. American homeowners were projected to collectively lose more than \$2 trillion in home value by the end of 2008. In November, existing and new home prices dropped about 13 percent, for the biggest annual drop since 1968 for existing home prices. With falling housing prices, nearly one in six U.S. homeowners owe more on a mortgage than their home is worth.
- **RETAIL SALES:** Sales at U.S. retailers fell for a fifth straight month in November, the longest decline in at least 16 years, -- down 7.4% compared with a year earlier. [Reuters, 12/12/08] And early data shows that holiday sales, which are critical to the success of American retailers, fell 2.3 percent.
- **MANUFACTURING:** U.S. factory activity fell to a 28-year low in December, with the demand for such products as cars, appliances and furniture at the lowest level since at least 1948.
- **AUTO SALES:** Ford Motor Co. and General Motors Co. reported a 30 percent decline in U.S. vehicle sales in December, while Chrysler saw its sales decline by 52 percent. Toyota posted a 36 percent sales drop and Honda Motor Co. reported a 35 percent decline in US sales in December.
- **STOCK MARKET:** 2008 was also the worst year on Wall Street since the Great Depression, wiping out \$6.9 trillion in stock market wealth and endangering thousands of investors' nest eggs. The Dow dropped by more than 33 percent in 2008, its worst performance since 1931, during the Great Depression.