



For Immediate Release
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**Floor Statement of Senator Max Baucus (D-Mont.)
Regarding the Temporary Unemployment Insurance Extension (H.R. 4851)**

Mr. President, we are starting to come out of the worst recession since the Great Depression.

A little more than a year ago, in the fourth quarter of 2008, the economy declined at an annual rate of more than five percent. A year later, in the fourth quarter of 2009, the Gross Domestic Product grew at an annual rate of nearly six percent.

Last month, manufacturing activity increased at the fastest rate in five and a half years. Last month, the service sector expanded at the fastest rate in more than two years. And last month, the economy added 162,000 jobs.

The economy has taken its first steps toward recovery.

The economists say that part of the reason why the economy is starting to come back is what we did here. One of the first things that President Obama did in office was to press for bold action to prevent another Great Depression. And one of the first bills that Congress enacted in the new administration was the Recovery Act.

The economists say that it's working. The nonpartisan Congressional Budget Office says that in the fourth quarter of 2009, the Recovery Act increased the number of full-time-equivalent jobs by between 1.4 million and 3 million jobs. And CBO also estimates that real gross domestic product was 1.5 percent to 3.5 percent higher in the fourth quarter than it would have been without the Recovery Act.

So there are some encouraging signs.

But we still face major challenges in the economy. There's still work to do creating jobs.

The unemployment rate stands at 9.7 percent. Almost a tenth of the labor force is unemployed. More than 15 million Americans are out of work.

First-time claims for unemployment benefits rose the week before last. Businesses are still laying off workers. And companies remain tentative in hiring new employees.

The economists call unemployment “a lagging indicator.” Employers can be slow to rehire, when business begins to pick up.

The Congressional Budget Office expects the unemployment rate to remain above eight percent until 2012. CBO does not expect unemployment to reach what they call its “natural state” of five percent until 2016.

CBO does not expect that the gap between actual output and potential output will close until the end of 2014.

That’s why we need to pass a temporary extension of unemployment benefits.

Jobless benefits are a powerful way to bolster demand during times of high unemployment.

Households receiving unemployment benefits spend their additional benefits right away. That spurs demand for goods and services. That boosts production. And that leads businesses to hire more employees.

The Congressional Budget Office looked at the different ways that we can help the economy to grow. And CBO says that extending additional unemployment benefits would have one of the largest effects on economic output and employment per dollar spent.

And because benefits are often spent quickly, extending unemployment benefits will provide a timely boost to the economy.

A temporary extension will also provide immediate assistance to millions of Americans struggling to feed their families and pay the bills.

According to officials in my home state of Montana, if we do not pass this extension, then thousands of Montanans could lose their unemployment benefits. That’s a significant number when you consider the population of my state.

An extension of unemployment benefits is essential, but it’s not enough. We must also consider unemployment insurance reforms that could help to create more jobs.

That’s why I plan to hold a hearing in the Finance Committee on Wednesday to explore ways to use unemployment insurance to help Americans to get back to work.

States and experts have a lot of ideas for how we can improve the unemployment insurance system. They have ideas about how it can save and create more jobs.

Wednesday, the Finance Committee will discuss possible common-sense innovations with a panel of experts, while also addressing the challenge of State solvency.

But right now, it's essential that we pass a temporary extension of unemployment benefits. An extension will help workers to get by as they search or retrain for a new job. And an extension will also provide a much-needed boost to the economy.

And so, let us help the families who are struggling in this difficult economic time. Let us help to spur demand and economic growth. And let us vote to invoke cloture on this vital legislation.

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