



COMMITTEE ON APPROPRIATIONS

DAVE OBEY (D-WI), CHAIRMAN

For Immediate Release
Wednesday, January 7, 2009

Contact: Kirstin Brost
202-225-2771

Economic Recovery: This Nation Asks for Action, and Action Now

WASHINGTON – Today, Dave Obey (D-WI), Chairman of the House Appropriations Committee, questioned a panel of economists at the Steering and Policy forum on the need for an economic recovery and job creation bill. While some have called for delay in its consideration, the experts could not have been clearer. As FDR said, “This nation asks for action, and action now.”

Below is Obey’s exchange with Dr. Mark M. Zandi, chief economist of Moody’s Economy.com and a former economic adviser to Sen. John McCain’s presidential campaign, and Robert Reich, former Secretary of Labor and a professor at the University of California at Berkeley:

OBEY: Would any of the panel care to comment on whether or not it would be significantly a problem if we didn’t get this on the President’s desk until say 2 ½ months from now.

ZANDI: Well, I think that would be a serious problem. The economy is losing a half a million jobs a month and I see no reason why that’s going to stop anytime soon. I work with a lot of different businesses as an economic consultant and across a wide array of industries businesses are effectively shut down and there is no other response except for a response from you, from government. If government doesn’t act quickly I think the problems will intensify. The only other thing that I would say is that a key aspect of what you are doing here is not only the dollars and cents, it’s what it means to confidence. Confidence has been shattered. Consumer confidence is at a record low, business confidence is at a record low. The only way out is through aggressive and quick government action and wait 2 ½ months, I think that would be a very serious problem.

OBEY: Does anybody on the panel disagree with that?

REICH: Just to elaborate slightly, Chairman Obey, economics and psychology are closely aligned. We know that there is a serious shortfall in aggregate demand. We know that if government does not act we’re going to see 500,000 jobs lost every month. But, there is also a compounding effect, a vicious cycle that sets in. This has more to do with psychology than it does have to do with economics because businesses are going to start firing more people, laying off more people, and the consumers are going to have an even bleaker view of the future if there is not a sense that the Federal Government is taking strong and deliberate action. Waiting until March will cause, in my view, real problems for the economy and for average workers.

The three other witnesses, –Martin Feldstein, Professor of Economics at Harvard University and President Emeritus of the National Bureau of Economic Research, Norman R. Augustine, Author of the Gathering Storm, and Maria Zuber, Professor of Geophysics at the Massachusetts Institute of Technology – did not disagree.

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