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**KENNEDY HOLDS HELP COMMITTEE HEARING ON ECONOMIC INSECURITY AND
OPPORTUNITY FOR WORKING FAMILIES**

Washington, D.C. – Today, Senator Edward M. Kennedy, Chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee held a hearing on middle class economic insecurity and opportunity under the Bush Administration’s economy. Currently over 40% of total income goes to the wealthiest 10% of Americans, the largest gap since the Great Depression.

“The fundamental promise of the American Dream is that hard work leads to success and a better life for your family. It’s a vision of shared prosperity where all of our hard work enlarges the economic pie and we all reap the benefits,” Senator Kennedy said.

Today’s hearing explored ideas and recommendations to improve the economic security of America’s working families through witness testimonies from scholars, a business owner and community leader. Witnesses included Professor Jacob Hacker, a Yale University Political Science Professor and author of “The Great Risk Shift,” Professor Eileen Applebaum, Rutgers University’s Director of Center for Women and Work, Rev. Dr. James Forbes, Senior Pastor at Riverside Church, and Mrs. Anna R. Cablik, a small business owner.

Senator Kennedy’s remarks are below, as well as a fact sheet on insecurity in today’s economy.

Opening Statement of Senator Edward M. Kennedy

Hearing on Economic Opportunity and Security for Working Families

(AS PREPARED FOR DELIVERY)

The fundamental promise of the American Dream is that hard work leads to success and a better life for your family. It’s a vision of shared prosperity where all of our hard work enlarges the economic pie and we all reap the benefits.

This vision was realized in the decades after World War II, when increased productivity and economic expansion raised living standards for families across the economic spectrum. The rising tide of abundance really did lift all boats.

Rapid technological advances, the advent of globalization, the movement of women into the paid workforce, and other changes have fundamentally altered our economy and society since then, but our shared vision of what America should be hasn’t changed.

We should be a land of opportunity for all, where good jobs with fair wages and benefits that can support a family are available to all.

Where families have time to spend with their children, and can save to give them a brighter future. Where workers have a voice on the job and receive their fair share of the

economic growth their work creates. Above all, America should be a country where no one who works for a living has to live in poverty.

Unfortunately, the American Dream has become a false hope for many working families. America is no longer about shared prosperity – instead, we have an economy that works for Wall Street, not for Main Street. While GDP is rising, productivity is up, and corporations are earning record profits, the economic growth of the last few years has largely bypassed working families. Americans are working harder than ever, but they are not reaping the benefits.

Good, middle-class jobs, with decent wages and benefits that formed the core of the American middle class are disappearing. Workers are down-sized, right-sized, laid off or leased out. Millions of their jobs are being shipped overseas. And most of the new jobs that are created come with lower wages, fewer benefits, and less stability. As a result, the great majority of people feel more insecure about their jobs, their incomes, their health insurance, their children's futures, and their own prospects for a dignified retirement.

This insecurity is felt across the economic spectrum. The middle class used to be the solid foundation of American society, but it is crumbling in the Bush economy. Middle class wages have been virtually stagnant, while prices for essentials like housing, health care, gas, and utilities have skyrocketed. The numbers don't add up. Families are exhausting their savings and falling into debt. Working parents are putting in longer hours – or accepting multiple jobs – just to get by, and are sacrificing time with their families and jeopardizing their children's well-being.

The American middle class is struggling to stay afloat, but our lowest paid workers are sinking. Our inexcusable refusal to raise the minimum wage has put downward pressure on wages for all low-income workers. To equal the purchasing power it had in 1968, the minimum wage would have to be more than \$9.37 an hour today, not \$5.15.

The middle class works longer and harder, but low-wage workers often can't even find the jobs or the hours they need to put food on the table and pay the rent.

Our society is becoming more and more stratified and that threatens our Democracy. Today, more than 40% of total income is going to the wealthiest 10 percent of Americans – the biggest gap in more than 65 years. The top one tenth of one percent of Americans receive nearly 7% of the total income of our entire country. The divide between the haves and the have-nots is the largest since the Great Depression. It's growing every year, and putting our economy and our society at increasing risk.

It doesn't have to be this way. We can get back to where we ought to be. We can create more good middle class jobs. We can ease the strain on working families, and help hardworking people rise out of poverty. We can achieve a fairly shared prosperity and recapture the American dream. But to do so, we need to understand how we came to where we are today, and we must be willing to consider new ideas for the nation's future.

The time has come for bold action to improve economic security and economic opportunity for America's working families. I look forward to the ideas and recommendations of today's panelists on these important issues, and to a lively discussion as well.

WORKING HARD, BUT LOSING GROUND: INSECURITY AND INEQUALITY IN THE BUSH ECONOMY

Working families are struggling in the Bush economy. While productivity is rising and corporations are earning record profits, workers are being left out of these economic gains. The American Dream – a good job, with good benefits and a secure retirement – is becoming harder to achieve. Working families are struggling with high prices, low wages, and alarming levels of debt that leave thousands teetering on the edge of bankruptcy. And the unequal distribution of economic gains to the wealthiest Americans is producing unprecedented levels of inequality that threaten the long term strength of the economy and our Democracy.

Working families need economic policies that will spur growth, reduce insecurity, and provide broadly shared prosperity. They need investments that will create the jobs of the 21st Century. They need effective economic stimulus programs that will combat long-term unemployment. And they need a stronger voice in the workplace to ensure they get their fair share of economic growth.

Workers Aren't Getting Their Fair Share

Americans are working harder than ever. Yet workers aren't seeing the benefits of their hard work. Wages for most Americans have been virtually stagnant, and the little growth we've seen has been siphoned off by the wealthy, leaving middle-class workers struggling to get by.

- During the quarter century after World War II, the federal government balanced the interests of working Americans and corporate America. As the workforce became more productive and more efficient, living standards rose across the board and in line with workers' economic performance. But starting in the mid-1970s, the connection between the compensation of workers and their productivity fell apart.

- The gap between productivity and pay has been especially pronounced in recent years. While productivity has increased nearly 18 percent and corporate profits are up over 80 percent since Bush took office, average hourly wages have risen only 3.9 percent.

- A multitude of factors have contributed to gap between economic performance and workers' wages:
 - Unionization rates have dropped steeply – from 25% in the late 1970s to under 13% today.
 - The real value of the minimum wage has declined by more than 21% since it was last increased in 1997.
 - Our macroeconomic policy that has kept the unemployment rate too high.

- Millions of American jobs have been shipped overseas.

Historic Levels of Inequality

Virtually all the gains of recent economic growth have gone to those at the very top of the economic ladder. The disparities between the wealthiest Americans and the most vulnerable have grown dramatically under President Bush's watch. Inequality in our society has reached historic highs not seen since before the Great Depression. As a result, alarming numbers of families are falling into poverty.

- Today, more than 40% of total income is going to the wealthiest 10 percent of Americans – the biggest gap in more than 65 years.
- 37 million Americans are living poverty, and increase of over 12 percent since Bush took office.
- Today, 13 million children are living in poverty, and 14 million children struggle with hunger.
- Hispanic families are twice as likely to suffer the effects of poverty as Caucasian families. And the poverty rate for African-American families is three times that of Caucasians.

Rising Middle Class Insecurity

Working families are feeling the squeeze in every direction, as prices are rising far faster than wages. The numbers just don't add up, and families are forced to spend their saving – or fall into debt – just to get by. Record numbers of middle class Americans report feeling insecure about their economic futures.

- Since Bush took office:
 - Health-care costs have gone up by 71%.
 - Housing prices have gone up by 61%.
 - Heating oil prices have gone up by 58%.
 - Gasoline prices have gone up by 57%.
 - Public college tuition has gone up by 44%.
 - Average mortgage debt has gone up by more than \$26,000.
- The personal savings rate has now fallen below zero. Credit Card debt is up 185% since 2001.

- Personal bankruptcies are up 39% under President Bush's watch. An American declares bankruptcy every 20 seconds. More than two-thirds of bankruptcies involve job-related problems – usually, the loss of a job and the difficulty of finding a new one.

- And American workers are feeling more anxious and less secure about their jobs. In a recent Pew Research Center Survey:
 - 69% of respondents said they faced more on-the-job stress than a decade ago.
 - 62% said they had less job security.
 - 59% said Americans have to work harder to earn a decent living.

Good Jobs are Hard to Find

And even middle class workers are feeling increasingly insecure about their jobs, as good jobs with fair wages and benefits are becoming increasingly hard to find. The economy just isn't creating the good jobs needed to sustain the American middle class. The small job increases we've seen have been in service-providing industries, while we've lost jobs in the manufacturing and goods-producing industries that often have better wages and good benefits.

- More than 800,000 people have joined the ranks of the jobless since Bush took office, a nearly 14 percent increase.
- 16 percent of jobless workers have been unemployed for more than 26 weeks – a 42 percent increase since Bush took office.
- Since Bush took office we've lost 3 million manufacturing jobs in 47 states, a 17 percent decline.
- The number of Americans without health insurance rose to a record high of 46.6 million in 2005, an increase of 6.8 million since 2000.
- Only half of all workers have pensions and only one in five has a secure, defined-benefit pension guaranteed by the government.