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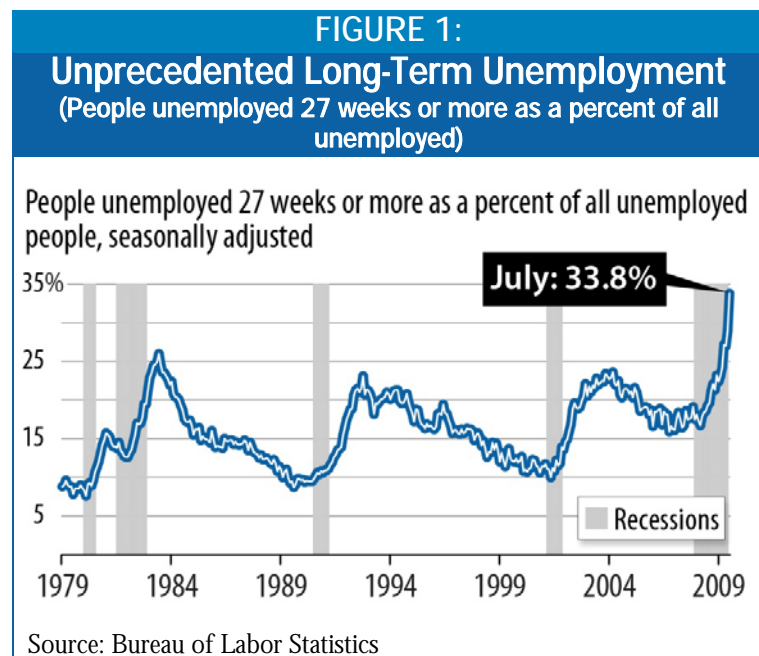
STATEMENT BY CHAD STONE, CHIEF ECONOMIST, ON THE JULY EMPLOYMENT REPORT

Today's employment report shows that labor market conditions remain extremely harsh for job-seekers, generating a record level of long-term unemployment. One third of the unemployed (33.8 percent) have been looking for work for 27 weeks or more — the highest percentage ever recorded in data going back to 1948 and well above the peak reached in the severe 1981-82 recession (see Figure 1).

The report also shows that the deterioration in labor market conditions has slowed considerably from earlier this year, suggesting an economic recovery may be in sight. But that news must be tempered by the ongoing plight of the long-term unemployed.

Although the economic recovery legislation that the Administration and Congress enacted earlier this year contained significant unemployment insurance benefits for people who continue to have trouble finding a job, about 1.5 million people will run out of benefits by the end of this year, according to the National Employment Law Project. Moreover, the temporary unemployment insurance benefits in the recovery law are scheduled to expire at the end of this year. Even if an economic recovery is underway by then, policymakers should not conclude that the long-term unemployed no longer need assistance.

Improvements in the labor market typically lag behind a turnaround in economic growth as the economy begins to emerge from recession. In the 1990-91 recession, the unemployment rate did not peak until 15 months after the end of the recession.



In the 2001 recession, unemployment peaked 19 months after the end of the recession, and job losses did not bottom out for another two months after that.

About the July Jobs Report

The recession that began in December 2007 is the longest in the post-World War II era and has now entered its 20th month. Job seekers continue to face a very difficult labor market.

- Although the pace of job losses has slowed considerably in recent months, private and government payrolls combined have shrunk for 19 straight months, and net job losses since the start of the recession total 6.7 million. (Private sector payrolls have shrunk by 6.9 million jobs over the same period.)
- Nonfarm payrolls fell by 247,000 jobs in July, all due to declines in the private sector, where employers shed 254,000 jobs. Each of these declines is the smallest since August 2008.
- The unemployment rate, which was 4.9 percent at the start of the recession in December 2007, was 9.4 percent last month, the same as it was in May.
- Despite some stabilization in the unemployment rate, the percentage of the population with a job continued to trend down, reaching 59.4 percent, its lowest level since April 1984.
- The Labor Department's most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking and people working part time because they can't find full-time jobs — edged down to 16.3 percent in July. The July figure, however, is 7.6 percentage points higher than when the recession began, and levels reached in this recession are the highest on record in data that go back to 1994.

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