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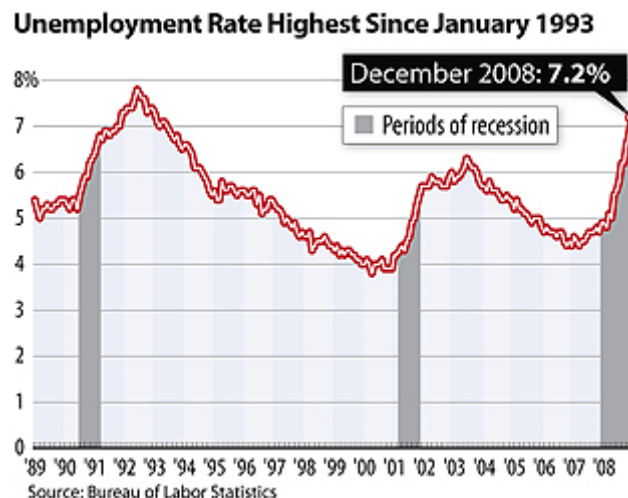
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**STATEMENT BY CHAD STONE, CHIEF ECONOMIST,  
 ON THE DECEMBER EMPLOYMENT REPORT**

Another dismal jobs report shows that the recession is deepening and confirms the need for a substantial and well-targeted economic recovery package. The assistance for unemployed workers described below should be a key component of that package.

The recession that began in December 2007 is now in its 13<sup>th</sup> month, and the economy is hemorrhaging jobs. The unemployment rate has surged above 7 percent to its highest point since January 1993, and hence higher than at any point in the 2001 recession. This week the Congressional Budget Office stated that it anticipates the recession “will last until the second half of 2009, making it the longest recession since World War II.” It could be the deepest as well, according to CBO. Overall labor market trends are grim.



- Private and government payrolls combined have shrunk for 12 straight months, and net job losses so far this year total 2.6 million. (Private sector payrolls, which began shrinking in December 2007, have seen a cumulative loss of 2.8 million jobs over the past 13 months.)
- Three-quarters of the payroll job losses have occurred in the last four months: 524,000 in December, 584,000 in November, 423,000 in October, and 403,000 in September.
- The official unemployment rate, which was 4.9 percent at the start of the recession in December 2007, reached 7.2 percent last month.
- Other indicators show even greater labor market weakness. For example, the percentage of the population with a job (61.0 percent) has fallen to its lowest level since early 1987.
- 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 — stood at 13.5 percent in December, up 4.8 percentage points so far this year and the highest level on record in data that go back to 1994.

- More than one-fifth (23.2 percent) of the 11.1 million unemployed have not been able to find a job despite looking for 27 weeks or more. (Regular unemployment insurance benefits typically run out after 26 weeks.)

### **Unemployment Insurance Measures Should Be Part of Recovery Package**

Legislation providing additional weeks of unemployment insurance (UI) benefits to those who exhaust their regular benefits before they can find a job is scheduled to expire in March. A renewal of this program should be part of any stimulus package. Two other

UI measures are appropriate when labor market conditions are as distressed as they are now and should also be included.

- Provide incentives to encourage states to modernize their unemployment insurance programs so that fewer workers — particularly women and lower-wage workers — are excluded from receiving benefits when they are laid off. Two of the most important ways to do this are to include workers' most recent earnings in the determination of UI eligibility and to allow workers who have lost part-time jobs to receive unemployment insurance benefits while they seek similar part-time work.
- Provide laid-off workers receiving unemployment insurance benefits with a temporary increase in the size of their weekly check.

As the Congress and President-elect Obama prepare an economic recovery package, it is important to remember that support for unemployed workers (along with a temporary increase in food stamp and other benefits targeted on low- and moderate-income families and fiscal relief to budget-constrained state governments) not only helps those hit hardest in a recession but is among the most effective and fast-acting ways to help arrest an economic contraction and turn the economy around.

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