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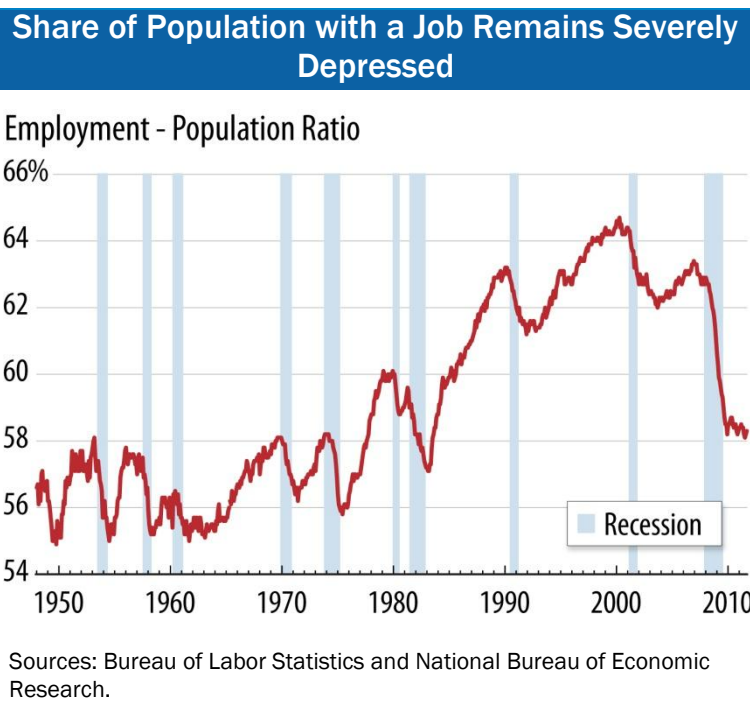
**STATEMENT BY CHAD STONE,
 CHIEF ECONOMIST,
 ON THE SEPTEMBER EMPLOYMENT REPORT**

Today's jobs report shows that more than two years after the recession officially ended, a strong jobs recovery remains elusive. With job creation still sluggish, unemployment still very high, and the share of Americans with a job still severely depressed (see chart), policymakers should enact a serious jobs package as soon as possible.

President Obama has identified the key components on the fiscal side: continued federal aid to unemployed workers, tax cuts targeted to low- and middle-income households because they will likely spend the money, infrastructure investment, and aid to state and local governments to avoid layoffs of teachers, police, and firefighters. The Federal Reserve has made clear that it would keep interest rates low to accommodate such a short-term fiscal

expansion. Economic forecasters such as Moody's Analytics and Macroeconomic Advisers say these actions would boost GDP and create a significant number of jobs compared to letting federal unemployment insurance benefits and the current payroll tax cut expire as scheduled at year-end.

Both President Obama and Fed Chairman Bernanke say they understand the need to address the nation's long-term deficit challenge as well as the immediate jobs deficit. To pay for his jobs proposals, the President has offered deficit-reduction measures that would take effect when the economy is stronger. Chairman Bernanke told Congress this week that he agreed with Congressional Budget Office Director Douglas Elmendorf that there is no contradiction between implementing policies to boost economic growth in



the short term and policies to impose fiscal restraint several years from now. “You can do both,” he said.

Today’s jobs report puts a spotlight on unemployment insurance (UI). With long-term unemployment at unprecedented levels — 44.6 percent of jobless Americans (6.2 million people) have been looking for work for at least six months— and the labor market expected to remain weak for some time, it would be unprecedented and unconscionable for lawmakers to let expire the program that provides additional weeks of federal UI benefits to workers who exhaust their regular state benefits before they can find a job. The unemployment rate in September remained unchanged at 9.1 percent; unemployment was never higher than 7.2 percent before policymakers let any previous temporary federal UI program expire. While helping workers and their families endure very difficult economic circumstances, UI puts money into the hands of people who will spend it, boosting economic activity and job creation.

About the September Jobs Report

Job growth was modest in September, and the labor market remains in a deep slump.

- Private and government payrolls combined rose by 103,000 jobs in September. Private employers added 137,000 jobs (in part reflecting the return to work of 45,000 striking telecommunications workers). The decline of 34,000 government jobs reflected a loss of 1,000 federal jobs, a gain of 2,000 state government jobs, and a loss of 35,000 local government jobs (24,000 of them in education).
 - This is the 19th straight month of private-sector job creation, with payrolls growing by 2.6 million jobs (a pace of 136,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 2.1 million jobs over the same period, or 110,000 a month. Growth of 200,000 to 300,000 jobs a month or more is typical in strong economic recoveries, so the modest pace of just 96,000 jobs per month over the last six months is deeply disappointing.
 - In September, despite 19 months of private-sector job growth, there were still 6.6 million fewer jobs on nonfarm payrolls than when the recession began in December 2007, and 6.3 million fewer jobs on private payrolls.
 - The unemployment rate remained 9.1 percent in September, and the number of unemployed remained 14.0 million. The unemployment rate was 8.0 percent for whites (3.6 percentage points higher than at the start of the recession), 16.0 percent for African Americans (7.0 percentage points higher than at the start of the recession), and 11.3 percent for Hispanics or Latinos (5.0 percentage points higher than at the start of the recession).
 - The recession and lack of job opportunities drove many people out of the labor force, and we have yet to see a sustained return to labor force participation (people aged 16 and over working or actively looking for work) that would mark a strong jobs recovery. One should not read too much into one month of data, but the labor force jumped by 423,000 in September and the number of people reporting they had a job jumped by 398,000. Over the last six months, however, labor force growth has averaged just 102,000 people per month, not even keeping up
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with population growth, and the number of people with a job has grown by just 27,000 per month. The labor force participation rate edged up to 64.2 percent in September, about where it was at the start of the year, and remains at levels last seen in 1984.

- The share of the population with a job, which plummeted in the recession from 62.7 percent in December 2007 to levels last seen in the mid-1980s, was 58.3 percent in September and has not been above 58.5 percent in 16 months.
- It remains very difficult to find a job. 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 — was 16.5 percent in September, not much below its all-time high of 17.4 percent in October 2009 in data that go back to 1994. By that measure, nearly 26 million people are unemployed or underemployed.
- Long-term unemployment remains a significant concern. Over two-fifths (44.6 percent) of the 14.0 million people who are unemployed — 6.2 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 4.1 percent of the labor force. Prior to this recession, the previous highs for these statistics over the past six decades were 26.0 percent and 2.6 percent, respectively, in June 1983.

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