Center on Budget and Policy Priorities

202-408-1080
center@cbpp.org
www.cbpp.org

CBPP STATEMENT
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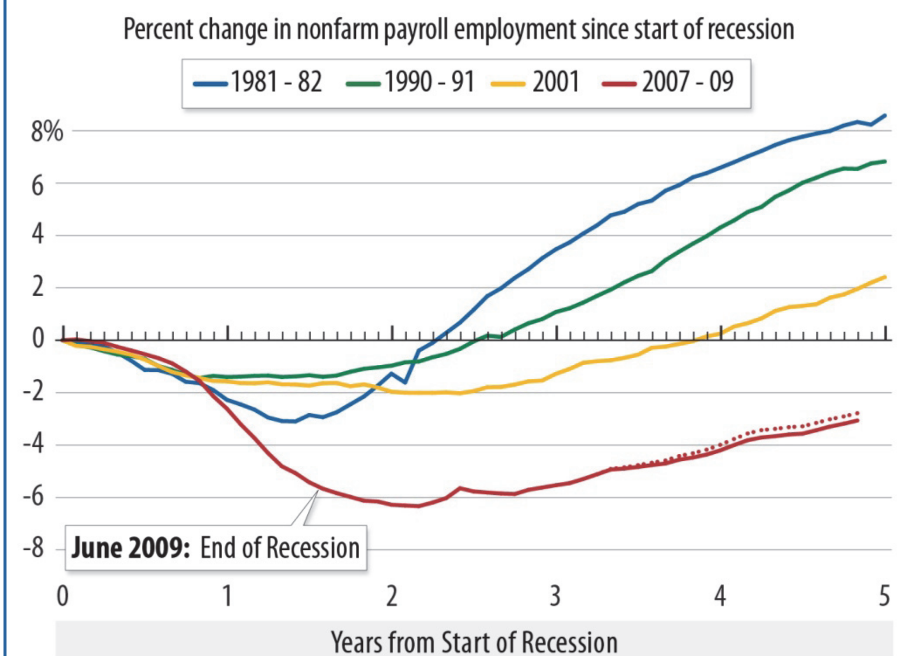
Contact:
Michelle Bazie, 202-408-1080,
bazie@cbpp.org

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

As today's jobs report shows, the economy continues to create jobs but not fast enough to erase the huge job losses from the Great Recession (see chart). The unemployment rate has dropped more than two points from its peak, but it remains too high for policymakers to let emergency federal unemployment insurance (UI) expire at the end of this year, as it is scheduled to do.

Over the past two years, employers have added jobs at about the same pace as they did over a comparable period after the 2001 recession. Payroll employment rose by a solid 171,000 jobs in October and the government revised upward its estimates of job growth in August and September. Moreover, the preliminary estimate of revisions to the payroll jobs count that will go into the official data in February indicate somewhat stronger job creation since early 2011 than the current published count shows.

Job Losses Far Exceed Other Recent Recessions



Note: The dotted line incorporates the preliminary estimate of revisions to the payroll jobs count that will be incorporated into the official data in February 2013.
Source: CBPP calculations from Bureau of Labor Statistics data.

Nevertheless, the jobs hole from the Great Recession was so much deeper than in previous recessions that job growth so far has neither erased it nor reduced unemployment to acceptable levels. Many job-seekers still face a tough labor market.

The Emergency Unemployment Compensation (EUC) program, which President Bush and Congress enacted in June 2008 and President Obama and Congress expanded in 2009, has provided additional weeks of UI to workers who have exhausted the 26 weeks of regular benefits available in most states. UI is not only a valuable source of financial support to unemployed workers and their families, but also one of the most cost-effective policies available for boosting economic growth and employment in a weak economy. Policymakers have enacted emergency federal UI in every major recession since 1958, and they have never allowed any of these previous programs to expire before the unemployment fell to 7.2 percent or lower. In today's economy, jobless workers will still need the financial support and the economy could still use the boost in 2013.

About the October Jobs Report

Job growth was solid in October and the unemployment rate remained below 8 percent.

- Private and government payrolls combined rose by 171,000 jobs in October. Private employers added 184,000 jobs, while government employment fell by 13,000. Federal employment fell by 6,000 jobs and state government employment fell by 7,000, while local government employment was unchanged.

- This is the 32nd straight month of private-sector job creation, with payrolls growing by 5.0 million jobs (a pace of 155,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 4.5 million jobs over the same period, or 141,000 a month. Total government jobs fell by 460,000 over this period, dominated by a loss of 332,000 local government jobs.

- These data do not reflect the preliminary estimate of "benchmark" revisions to the payroll jobs count that will be incorporated into the official data in February. The preliminary estimate of the revisions would raise total payroll employment in March 2012 by 386,000 jobs (0.3 percent) and private employment by 453,000 (0.4 percent), while lowering government employment by 67,000 (0.3 percent).

- Despite the 32 months of private-sector job growth, there were still 4.2 million fewer jobs on nonfarm payrolls and 3.9 million fewer jobs on private payrolls in October than when the recession began in December 2007. Including the upward revisions to August and September, job growth averaged 173,000 jobs a month in the past four months — an improvement over the sluggish pace in the spring but still short of the 200,000 to 300,000 jobs a month that would mark a robust jobs recovery. (All figures exclude the preliminary revisions discussed in the previous bullet.)

- The unemployment rate ticked up to 7.9 percent in October, and the number of unemployed Americans edged up to 12.3 million. However, these increases reflected people coming back into the labor force to look for work rather than dropping out in discouragement due to poor job prospects. The unemployment rate was 7.0 percent for whites (2.6 percentage points higher than at the start of the recession), 14.3 percent for African Americans (5.3 percentage points higher than at the start of the recession), and 10.0 percent for Hispanics or Latinos (3.7 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, but in the last two months, labor force participation (people aged 16 and over working or actively looking for work) has started to pick up. The labor force participation rate rose to 63.8 percent in October; but even so, prior to recent months, it had not been this low since the early 1980s.

- The labor force grew by 578,000 people in October, following an increase of 418,000 in September. The number of people with a job rose by 410,000, but as can be the case when labor force participation first begins to turn around after a recession, not everyone coming back in finds a job immediately, and unemployment rose in October by 170,000, causing the uptick in the unemployment rate. (These numbers come from a different survey from the one used to estimate payroll job growth.)

- 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 and has remained below 60 percent since early 2009, edged up to 58.8 percent in October.

- The Labor Department's most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking (those marginally attached to the labor force) and people working part time because they can't find full-time jobs — was 14.6 percent in October. That's down from its all-time high of 17.2 percent in October 2009 in data that go back to 1994, but still 5.8 percentage points higher than at the start of the recession. By that measure, roughly 23 million people are unemployed or underemployed.

- Long-term unemployment remains a significant concern. Over two-fifths (40.6 percent) of the 12.3 million people who are unemployed — 5.0 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 3.2 percent of the labor force. Before 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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