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

Today's disappointing employment report shows that the economy is continuing to create jobs, but job growth is far too slow to bring down the painfully high long-term unemployment rate (see chart). With such a high percentage of the unemployed unable to find a job within 26 weeks, Congress' failure to renew federal emergency unemployment insurance (UI) benefits for another year before the program expired this week represents very unsound policy that will slow the economy, cause large additional job losses, and result in widespread hardship.

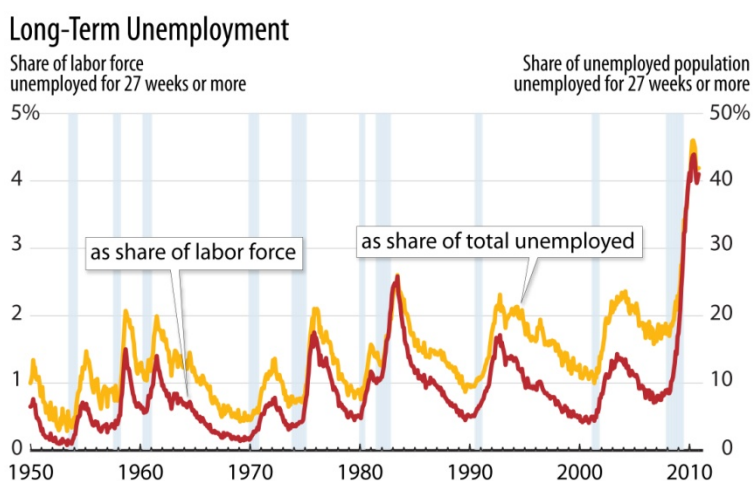
Overall job growth this year (an average of fewer than 100,000 jobs a month) has not been strong enough even to start lowering the unemployment rate. We need job growth at least two to three times stronger to get back to full employment in any reasonable time frame.

That will take a much stronger economic recovery than we have seen so far.

Failure to renew federal emergency unemployment insurance while jobs continue to be so hard to find is not just cruel to unemployed workers and their families; it also is a drag on an economic recovery that is struggling to gain traction. It makes little sense to lose the job-creating consumer spending those emergency UI benefits support. Among 11 tax and spending measures analyzed by the Congressional Budget Office for increasing economic growth and employment in the next year or two, aid to the unemployed stands at the top of the list.

A new report issued yesterday by the President's Council of Economic Advisers estimates that federal emergency UI increased employment in September 2010 by nearly 800,000 jobs — and that failure to continue the program will cost the economy 600,000

Long-Term Unemployment at Record Levels



Sources: Bureau of Labor Statistics, National Bureau of Economic Research.

jobs by December 2011. Congress has provided emergency UI in every major recession since the 1950s and the highest unemployment rate at which any past program expired was 7.2 percent; it was 9.8 percent in November.

About the November Jobs Report

- Private and government payrolls rose by a disappointing 39,000 jobs in November. Private employers on net added just 50,000 jobs, while local government employment fell by 14,000 jobs.
- So far this year, private employers have added jobs every month, expanding private payrolls by 1.2 million jobs (a pace of 106,000 jobs a month); total nonfarm employment (private plus government jobs) has grown by 951,000, or 86,000 a month. Job creation of 100,000 to 125,000 a month is necessary just to keep up with population growth and keep the unemployment rate from rising; growth of 200,000 to 300,000 jobs a month is typical in strong economic recoveries.
- In November, there were 7.4 million fewer jobs on nonfarm payrolls than there were when the recession began in December 2007, and 7.3 million fewer jobs on private payrolls.
- After remaining steady at 9.6 percent for three months, the unemployment rate rose to 9.8 percent in November, and the number of unemployed rose to 15.1 million.
- The job growth reported by employers was not reflected in the Labor Department's household survey, which showed a decline in the number of people with jobs. The thin silver lining in these data is that enough more people entered the labor force than left it to maintain the labor force participation rate (the share of the population aged 16 and over working or looking for work) at 64.5 percent. On balance, however, job losers and new entrants who did not immediately find jobs added 276,000 people to the ranks of the unemployed.
- The labor force participation rate in the past two months is the lowest it has been since 1984. The share of the population with a job, which plummeted in the recession to levels last seen in the mid-1980s, edged down to 58.2 percent; it has not been lower since July 1983.
- It remains very hard 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 — remained at 17.0 percent in November, not much below its all-time high of 17.4 percent in November 2009 in data that go back to 1994.
- Long-term unemployment remains a significant concern. Over two-fifths (41.9 percent) of the 15.1 million people who are unemployed — 6.3 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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