

820 First Street, NE, Suite 510
 Washington, DC 20002
 Tel: 202-408-1080
 Fax: 202-408-1056
 center@cbpp.org
 www.cbpp.org

Robert Greenstein
 Executive Director
 Iris J. Lav
 Deputy Director

Board of Directors

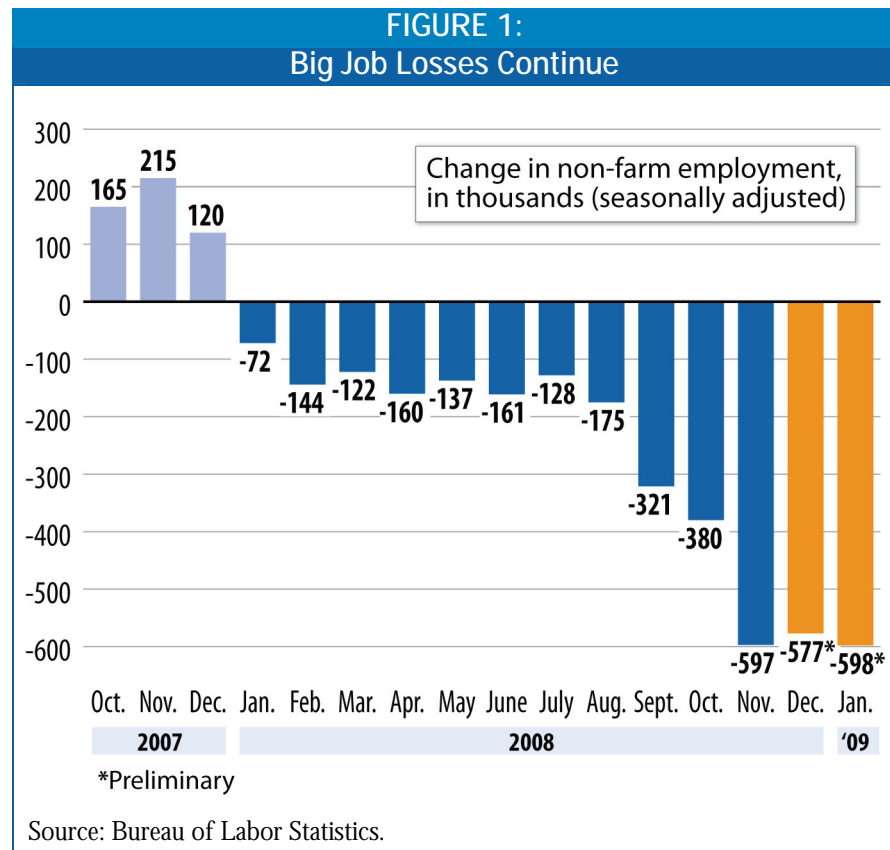
- David de Ferranti, Chair
The World Bank
- Henry J. Aaron
Brookings Institution
- Ken Apfel
University of Maryland
- Barbara B. Blum
Columbia University
- Henry A. Coleman
Rutgers University
- Marian Wright Edelman
Children's Defense Fund
- James O. Gibson
Center for the Study of Social Policy
- Beatrix Hamburg, M.D.
Cornell Medical College
- Antonia Hernández
California Community Foundation
- Jack Lew
Citi Alternative Investments
- Frank Mankiewicz
Hill and Knowlton
- Richard P. Nathan
Nelson A Rockefeller Institute of Government
- Marion Pines
Johns Hopkins University
- Sol Price
Chairman, The Price Company (Retired)
- Robert D. Reischauer
Urban Institute
- Audrey Rowe
AR Consulting
- Paul Rudd
Adaptive Analytics, LLC
- Susan Sechler
German Marshall Fund
- Juan Sepulveda, Jr.
The Common Experience/ San Antonio
- William Julius Wilson
Harvard University

John Kramer
 Founding Chair
 1937-2006

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

With job losses mounting and the recession deepening, there is no time to waste enacting the economic recovery package now before the Congress. That package will provide needed benefits to unemployed workers, and it would help stem the tide of job losses and moderate the severity of the downturn.

The recession that began in December 2007 has entered its 14th month, and the economy continues to hemorrhage jobs. The Congressional Budget Office estimates that without a recovery package the unemployment rate will reach 9.0 percent in the fourth quarter of this year and will be down only to 7.5 percent two years later. The recovery package cannot end the recession immediately but it can limit the increase in unemployment and boost the number of jobs substantially above what it otherwise would be over the next several years. Meanwhile, labor market conditions are grim.



- Private and government payrolls combined have shrunk for 13 straight months, and net job losses since the start of the recession total 3.6 million. (Private sector payrolls, which began shrinking in December 2007, have seen a cumulative loss of 3.7 million jobs over the past 14 months.)
- Job losses have averaged nearly a half million a month over the last five months.
- The official unemployment rate, which was 4.9 percent at the start of the recession in December 2007, reached 7.6 percent last month.
- Other indicators show the breadth of labor market weakness. For example, the percentage of the population with a job (60.5 percent) has fallen to its lowest level since mid 1986.
- 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 13.9 percent in January, up 5.2 percentage points since the recession began and the highest level on record in data that go back to 1994.
- More than one-fifth (22.4 percent) of the 11.6 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.)

Contrary to what some critics say, the economic recovery package working its way through Congress by and large is focused on the task at hand, which is to provide a needed boost to an economy that is in the midst of a long and deep recession. (See: <http://www.cbpp.org/2-5-09bud.htm>) Such a package is necessary to put a brake on job losses and lay the groundwork for a strong recovery.

#

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.