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

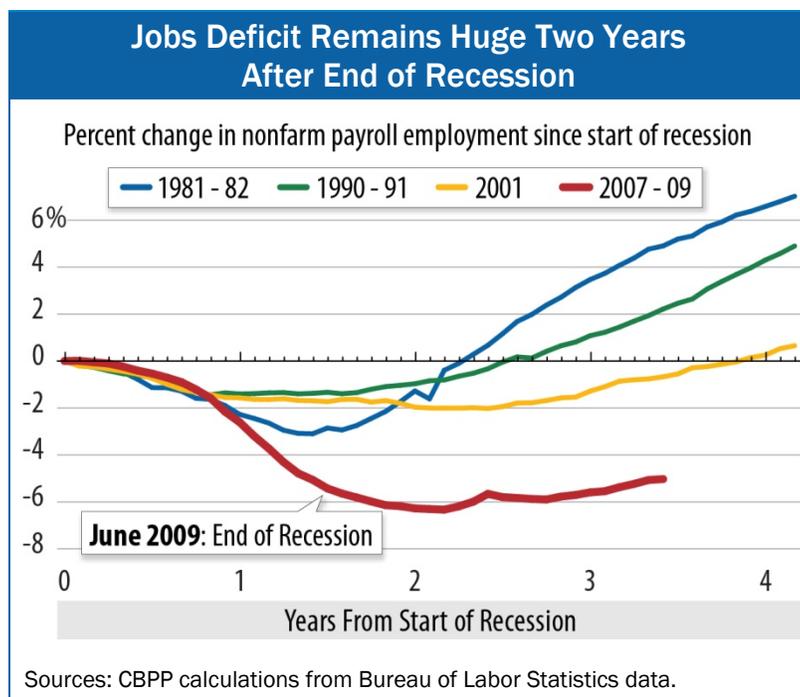
Today's very disappointing employment report shows that two years after the technical end of the recession and after 16 straight months of private-sector job creation, the jobs deficit remains huge (see chart). The depth of the job losses from the recession is unprecedented since the Great Depression, and the length of time it will take just to get out of the jobs hole — much less to restore full employment — will dwarf that of the sluggish jobs recovery from the 2001 recession.

It makes no sense that in an economic recovery still struggling to gain momentum, policymakers are easing up on the gas and threatening to slam on the brakes. But that is just what is happening.

The Federal Reserve has let its program of purchasing government bonds (QE2) expire as scheduled, even though the recovery has been weaker than

expected. The phasing out of the Recovery Act measures enacted in 2009 will exert a drag on economic growth, and the drag will be worse still if Congress enacts large and immediate cuts in government spending, as some members (especially House Republicans) recommend.

All this is bad news for the unemployed, over two-fifths of whom have been searching for work for six months or longer (much longer in many cases). States continue to face staggering budget challenges and two states (Missouri and South Carolina) have reduced



regular unemployment insurance (UI) benefits from the standard 26 weeks to just 20 weeks. The emergency federal program providing additional weeks of UI to workers who have exhausted their regular benefits is scheduled to expire at the end of the year, even though the unemployment rate will still be much higher than it has been when similar programs enacted in past recessions have ended. The federal government has financed additional weeks of unemployment benefits in every major recession since the 1950s and the unemployment rate was never higher than 7.2 percent when they ended.

It is critically important for policymakers to raise the federal debt ceiling and put in place a program for long-term deficit reduction. But it is equally important for them to address the jobs deficit, and to eschew policies that make the plight of job-seekers worse.

### **About the June Jobs Report**

Job growth stalled in June, and the labor market remains in a deep slump.

- Private and government payrolls rose by just 18,000 jobs in June. Private employers on net added 57,000 jobs, while local government employment fell by 18,000 jobs, state government employment fell by 7,000, and federal government employment fell by 14,000).

This is the 16<sup>th</sup> straight month of private-sector job creation, with payrolls growing by 2.2 million jobs (a pace of 136,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 1.8 million jobs over the same period, or 111,000 a month. Growth of 200,000 to 300,000 jobs a month or more is typical in strong economic recoveries, so the sharp slowdown in job growth over the last two months is very disappointing.

- In June, despite 16 months of private-sector job growth, there were still 7.0 million fewer jobs on nonfarm payrolls than when the recession began in December 2007, and 6.7 million fewer jobs on private payrolls.
- The unemployment rate edged up from 9.1 percent to 9.2 percent in June, and the number of unemployed rose to 14.1 million. The unemployment rate was 8.1 percent for whites (3.7 percentage points higher than at the start of the recession), 16.2 percent for African Americans (7.2 percentage points higher than at the start of the recession), and 11.6 percent for Hispanics or Latinos (5.3 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 the return to labor force participation (people working or actively looking for work) that marks a strong jobs recovery. The labor force participation rate (the share of the population aged 16 and over working or looking for work) is the lowest it has been since 1984. It edged down to 64.1 percent in June from 64.2 percent, where it had been for five straight months. So far this year, labor force growth has merely kept up with population growth and many potential workers remain on the sidelines while job prospects remain weak.
- 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, fell to 58.2 percent in June and has not been above 58.5 percent in 13 months. Prior to the current slump, the last time it was lower was July 1983.

- 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 16.2 percent in June, not much below its all-time high of 17.4 percent in October 2009 in data that go back to 1994. By that measure, more than 25 million people are unemployed or underemployed.
- Long-term unemployment remains a significant concern. Over two-fifths (44.4 percent) of the 14.1 million people who are unemployed — 6.5 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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