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**JOB GROWTH CONTINUED IN AUGUST,
BUT KATRINA ADDS NEW UNCERTAINTY**

Washington, D.C. – The unemployment rate was little changed at 4.9 percent in August, and 169,000 total payroll jobs were created – 73,000 fewer than last month. Non-government jobs grew by 154,000. The August estimates do not reflect the effects of Hurricane Katrina.

“An improvement in the labor market is always welcome, but labor force participation is still not where it should be, real wages are sluggish, and the devastation of Hurricane Katrina has introduced new uncertainty into the economic outlook,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “With new Census data showing that the poverty rate is higher and family incomes are lower than they were when President Bush took office, it is clear that too many American workers have been left behind during this recovery and that the Bush Administration’s tax cuts will not fix that problem.”

Since payroll employment losses bottomed out in May 2003, the average pace of job creation has been 155,000 per month. That rate is enough to keep up with normal growth in the labor force, but it is well below the pace of job creation typically seen in a strong economic recovery.

The 4.9 percent unemployment rate does not reflect other indicators that show continued hidden unemployment. The labor force participation rate is one percentage point lower than it was at the start of the recession and the fraction of the working-age population with a job is 1.4 percentage points lower. Long-term unemployment also persists. Nearly one in every five unemployed people – 1.4 million Americans – have been jobless for more than 26 weeks, the maximum number of weeks for receiving regular unemployment insurance benefits.

The stagnation of earnings in the face of higher prices for gasoline, food, and medical care is squeezing the take home pay of workers. In the past year, average hourly earnings are down 0.4 percent, after adjusting for inflation.

Overall, there are still 7.4 million unemployed Americans, and 4.8 million additional workers who want a job but are not counted among the unemployed (including about 1.5 million who have searched for work enough to be considered marginally attached to the labor force). An additional 4.5 million people work part-time because of the weak economy. The unemployment rate would be 8.9 percent if the figure included those who are marginally attached to the labor force and those who are forced to work part-time because of the weak economy.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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