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## **Payrolls Expand in January**

**Pace of Job Creation Lags Well Behind That of Previous Recoveries**

Washington, D.C. – The unemployment rate fell to 4.7 percent in January, and 193,000 total payroll jobs were created. Non-government jobs grew by 194,000.

“January’s payroll gains are welcome news,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “However, there is still a lot of catching up to do in a labor market that went through the most protracted jobs slump in decades. At this point in the last recovery, the economy had created nearly five million more jobs than we have seen in this recovery. Moreover, workers haven’t seen any recovery in their paychecks.”

Overall growth in payroll employment has been modest by the standards of most economic recoveries. The 4.8 million jobs created since job losses peaked in August 2003 works out to only about 164,000 per month—not much more than what is necessary just to keep up with normal growth in the labor force. Although the unemployment rate has come down, January’s 4.7 percent rate is still higher than the 4 percent rate achieved in the expansion of the 1990s.

Other indicators show continued hidden unemployment. The labor force participation rate is 1.2 percentage points 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. About one in every six unemployed people – 1.2 million Americans – have been jobless for more than 26 weeks, the maximum number of weeks for receiving regular unemployment insurance benefits.

Higher prices for gasoline, home heating fuel, and medical care are squeezing the take home pay of workers. Average hourly earnings were stagnant during 2003 and have fallen during each of the past two years, after adjusting for inflation.

Overall, there are 7.0 million unemployed Americans, and 5.0 million additional workers who want a job but are not counted among the unemployed (including about 1.6 million who have searched for work enough to be considered marginally attached to the labor force). An additional 4.1 million people work part-time because of the weak economy. The unemployment rate would be 8.4 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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