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REP. ELIJAH E. CUMMINGS (MD)

Congress of the United States
Joint Economic Committee
Democrats

109TH
CONGRESS

804 HART SENATE OFFICE
BUILDING
WASHINGTON, DC 20510-6602
202-224-0372
FAX 202-224-5568
www.jec.senate.gov/democrats

CHAD STONE
STAFF DIRECTOR

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Contact: Nan Gibson
office: 202-224-0377
cell: 202-320-4545

Payrolls Expand in November, but Hidden Unemployment Persists

Washington, D.C. – The unemployment rate was unchanged at 5.0 percent in November, but 215,000 total payroll jobs were created. Non-government jobs grew by 194,000.

“President Bush’s statement today that the economy is in good shape belies the experience of many working families,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “While the labor market appears to have bounced back after the hurricanes, wages have been squeezed by higher energy costs and hidden unemployment remains. I hope we will see energy prices ease and payrolls continue to expand.”

Prior to the hurricanes, the labor market was still feeling the effects of the most protracted jobs slump in decades. Overall growth in payroll employment since job losses peaked in May 2003 has been modest by the standards of most economic recoveries, although job growth had begun to pick up this year. The unemployment rate has come down from its 2003 peak, but November’s 5.0 percent rate is still considerably 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 1.1 percentage points lower than it was at the start of the recession and the fraction of the working-age population with a job is 1.5 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.

Higher prices for gasoline, home heating fuel, and medical care are squeezing the take home pay of workers. In the past year, average hourly earnings are down 1.5 percent, after adjusting for inflation.

Overall, there are 7.6 million unemployed Americans, and 4.8 million additional workers who want a job but are not counted among the unemployed (including about 1.4 million who have searched for work enough to be considered marginally attached to the labor force). An additional 4.2 million people work part-time because of the weak economy. The unemployment rate would be 8.7 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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