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## Labor Market Flat in October

*Washington, D.C.* – The unemployment rate was little changed at 5.0 percent in October, and 56,000 total payroll jobs were created. Non-government jobs grew by 46,000. Although the BLS did not find much direct effect from the hurricanes in the payroll data, other data show that more than a half-million people have lost their jobs due to Hurricanes Katrina and Rita, and more losses are expected from Hurricane Wilma.

“Beyond the hurricane-affected areas, the labor market showed signs of losing strength,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “It appears that high gas prices may be squeezing employers as well as consumers.”

Prior to Hurricanes Katrina and Rita, 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 the unemployment rate has come down, October’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 1.4 percentage points lower. Long-term unemployment also persists. Nearly one in every five unemployed people – 1.5 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, home heating fuel, food, and medical care is squeezing the take home pay of workers. In the past year, average hourly earnings are down 2.4 percent, after adjusting for inflation.

Overall, there are 7.4 million unemployed Americans, and 5.0 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 4.3 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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