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REP. MELVIN L. WATT (NC)
REP. BARON P. HILL (IN)

Congress of the United States
Joint Economic Committee
Democrats

108TH CONGRESS

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

WENDELL PRIMUS
STAFF DIRECTOR

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Contact: Nan Gibson
202-224-0377

JOBS SLUMP PERSISTS AS UNEMPLOYMENT INSURANCE EXTENSION SET TO EXPIRE

Congress Should Extend UI, Restore Benefits to Over One Million Exhaustees

Washington, D.C. – Today's news that the private sector lost another 80,000 jobs in April and that the unemployment rate went up to 6.0 percent indicates that a turnaround in the labor market is unlikely anytime soon. Increases in government hiring was not enough to keep overall payroll employment from falling by 48,000 jobs. The economy has lost 2.7 million private-sector jobs since the recession began two years ago.

"As the jobs slump persists, federal unemployment benefits set to expire at the end of the month should be extended and additional weeks of benefits for over one million exhaustees who are still out of work should be enacted," said **Rep. Pete Stark** (D-CA), Ranking Democrat of the **Joint Economic Committee**. "The UI trust fund has a $20 billion surplus, so the Republicans should stop sitting on the money and schedule votes so that we can get aid to struggling unemployed workers who have exhausted their benefits. There is no better economic stimulus than providing assistance to families who will spend it quickly."

The Bureau of Labor Statistics' April employment report painted a bleak labor market picture. Overall, there are 8.8 million unemployed Americans, and about 4.4 million additional workers who want a job but are not counted among the unemployed. Another 4.8 million people work part-time because the economy is so weak. And long-term unemployment remains high, with 1.9 million Americans having been jobless for more than 26 weeks – that's 21.8 percent of the unemployed. The average duration of unemployment spells rose substantially to 19.6 weeks – the highest level since January 1984.

Private payrolls are 2.4 percent below their level in March 2001 when the recession began **(see Chart 1)**. Jobs were down only 1.4 percent at a comparable point in the recession of the early 1990s. On average, job losses in a recession bottom out after about 15 months and are erased within two years. The persistence of job losses at the 25-month mark in this recession is the most severe since the 1930s **(see Chart 2)**.

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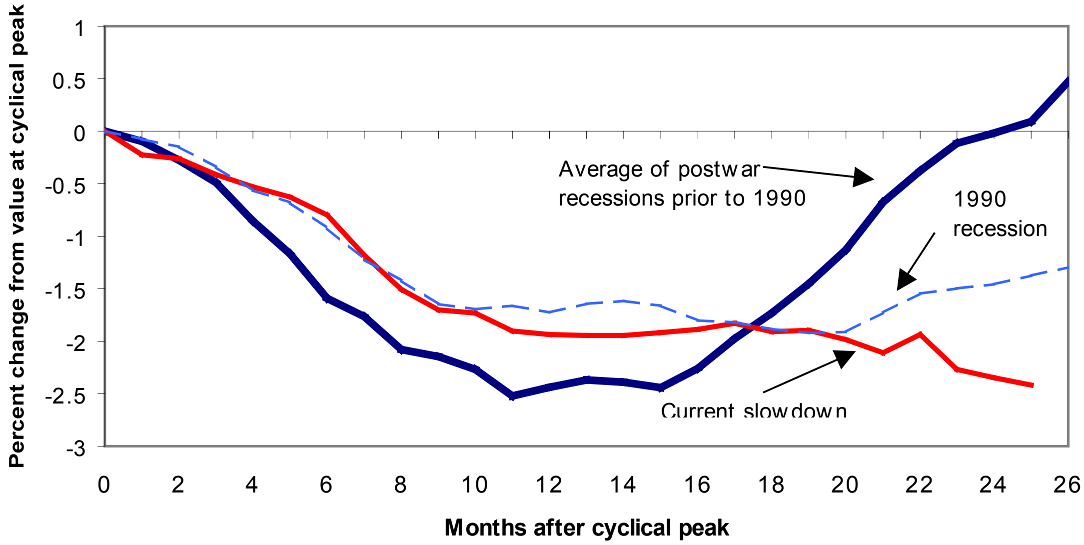
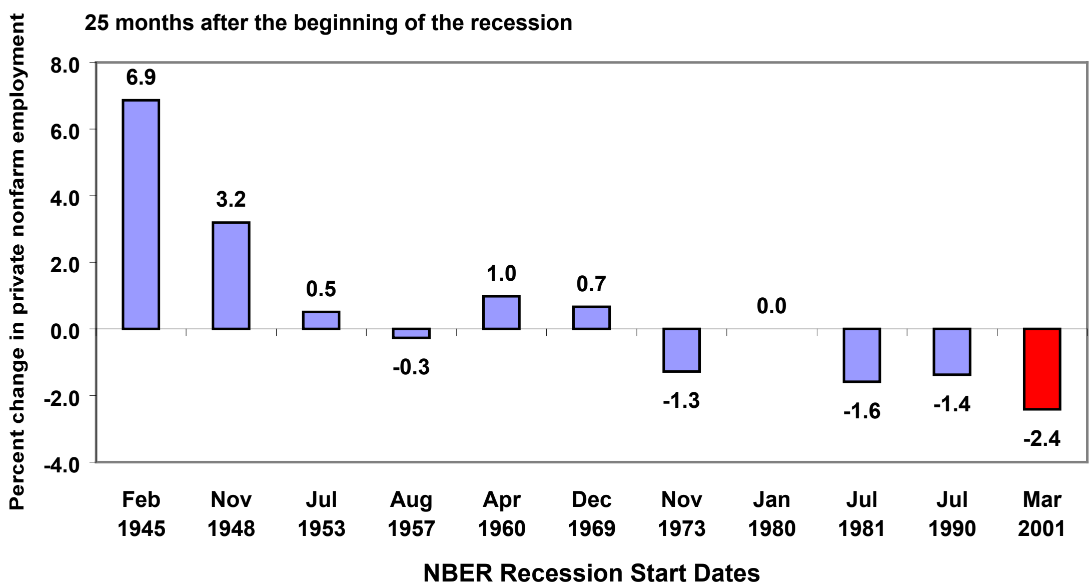
Chart 1
Decline in Private Nonfarm Payrolls in the Current and Previous Cycles



Sources: JEC calculations using data from the U.S. Department of Labor and the National Bureau of Economic Research.

Chart 2
Recovery in Private Sector Jobs is the Slowest Since the 1930s

25 months after the beginning of the recession



Source: Bureau of Labor Statistics, U.S. Department of Labor; and National Bureau of Economic Research (NBER).

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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