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# DESPITE STRONG THIRD QUARTER GDP GROWTH, PAYROLL JOBS DOWN BY 146,000 IN THE QUARTER

Washington, D.C. – U.S. economic growth spiked up sharply in the third quarter, according to today's report from the Commerce Department's Bureau of Economic Analysis (BEA). Real (inflation-adjusted) gross domestic product (GDP)—the most comprehensive measure of U.S. production—grew at an annual rate of 7.2 percent in the July-August-September period. However, that surge of growth did nothing for the stagnating job market and questions remain about the sustainability of the recovery.

"Any good news on the economy is welcome, but it would be premature for President Bush to declare 'mission accomplished' on the economic front while we still have a jobless recovery and a huge jobs deficit to erase," said **Rep. Pete Stark** (D-CA), **Senior Democrat** on the **Joint Economic Committee**. "Economic growth without jobs is no help for the unemployed," added Stark.

Growth in the third quarter was more than double the 3.3 percent pace set in the second quarter. The third-quarter growth reflected a pickup in spending by households on goods, services, and housing; a pickup in business purchases of equipment and software; and a spurt in growth of exports that reduced the trade deficit somewhat.

However, the surge in GDP growth had no apparent effect on labor markets. There were 146,000 fewer nonfarm payroll jobs in the third quarter than there were in the second, and there were fewer payroll jobs in September than there were in June. The unemployment rate was 6.1 percent in the third quarter, nearly as high as the second quarter's 6.2 percent. Also by the end of the third quarter, long-term unemployment rose to more than 2 million and the Unemployment Insurance exhaustion rate climbed to an historic high, at just under 44 percent.

Today's estimate of GDP growth is based on preliminary data and will be revised in coming months as more data become available. Moreover, many forecasters expect that the economy's growth rate will drop back to 4 percent or lower in the fourth quarter—a pace that will only slowly bring down the unemployment rate.

*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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