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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: 202-224-0372
cell: 202-320-4545

Job Growth Remains Sluggish and Unemployment Rate Rises

Washington, D.C. – The unemployment rate rose to 4.8 percent in July, and only 113,000 total payroll jobs were created, the Bureau of Labor Statistics reported today. Non-government jobs grew by 113,000.

“Payrolls are not expanding at a very strong pace and there is increasing concern that slower economic growth will dampen job creation even more,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “As Treasury Secretary Paulson recently acknowledged, many Americans have not benefited from the economic gains we’ve seen so far in this recovery. Workers’ wages are not keeping pace with soaring energy prices and rising health care costs, and now their jobs may be at risk as well. It’s time for the President to address the real economic challenges facing American families.”

Growth in payroll employment – already modest by the standards of past economic recoveries – was just 112,000 jobs per month in the past four months. The 5.6 million jobs created since job losses peaked in August 2003 works out to only about 159,000 per month, when growth of 200,000 jobs per month or more was typical in past recoveries. July’s 4.8 percent unemployment rate remains higher than the 4 percent rate achieved in the expansion of the 1990s.

Many labor market indicators remain weaker than they were at the start of the 2001 recession. The labor force participation rate is 1.0 percentage point lower than it was at the start of the recession and the fraction of the working-age population with a job is 1.3 percentage points lower. Long-term unemployment also persists. Nearly one in every five unemployed people – 1.3 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 and medical care are squeezing the take home pay of workers. Average hourly earnings rose 0.4 percent again in July. After adjusting for inflation, however, average hourly earnings remain lower than they were three years ago.

Overall, there are 7.2 million unemployed Americans, and 4.9 million additional workers who want a job but are not counted among the unemployed (including about 1.5 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 for economic reasons. The unemployment rate would be 8.5 percent if the figure included those who are marginally attached to the labor force and those who are forced to work part-time for economic reasons.

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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