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ECONOMY HEADED FOR WORST JOBLESS RECOVERY SINCE THE 1930s
“Jobs Ticker” to Track Job Creation Needed to Avoid Job Loss Milestone

Washington, D.C. – Today’s news that the economy lost another 17,000 payroll jobs and that the unemployment rate climbed to 6.1 percent in May – its highest level in nine years – underscores the weak labor market conditions facing the country. Private nonfarm payrolls were essentially unchanged, though manufacturing shed another 53,000 jobs. Private sector job losses have been so persistent that unless the economy creates an average of 433,000 jobs per month for the next 7 months – a truly daunting task – this will be the most protracted private sector jobs recession since the 1930s.

“The President has promised that his most recent tax cuts will create a million more new jobs than would otherwise have been created over the next year, but the economy has already lost three million private sector jobs since he took office,” said **Rep. Pete Stark** (D-CA), Ranking Democrat of the **Joint Economic Committee** (JEC). “Even if job creation turns positive in the near future, it will be very difficult for the economy to erase the last two years of job losses in time for President Bush to avoid setting a new record for job-creation failure.”

Rep. Stark announced today that the JEC Democratic Staff has created a “Jobs Ticker” to track the monthly job creation needed from April through December in order for the economy to avoid the worst jobless recovery in the post-World War II era (**Chart 1**). The poor showing in May, with only 8,000 jobs created, makes the task even harder. On average, private sector job losses in a recession bottom out after about 15 months and are erased within two years. The persistence of job losses at the 26-month mark in this recession is the most severe since the 1930s (**Chart 2**).

The Bureau of Labor Statistics’ latest figures on payroll employment reflect improvements in methods and source data that resulted in revisions to previously published historical data. As a result of those revisions, there were about 429,000 fewer private sector jobs in April than was previously reported.

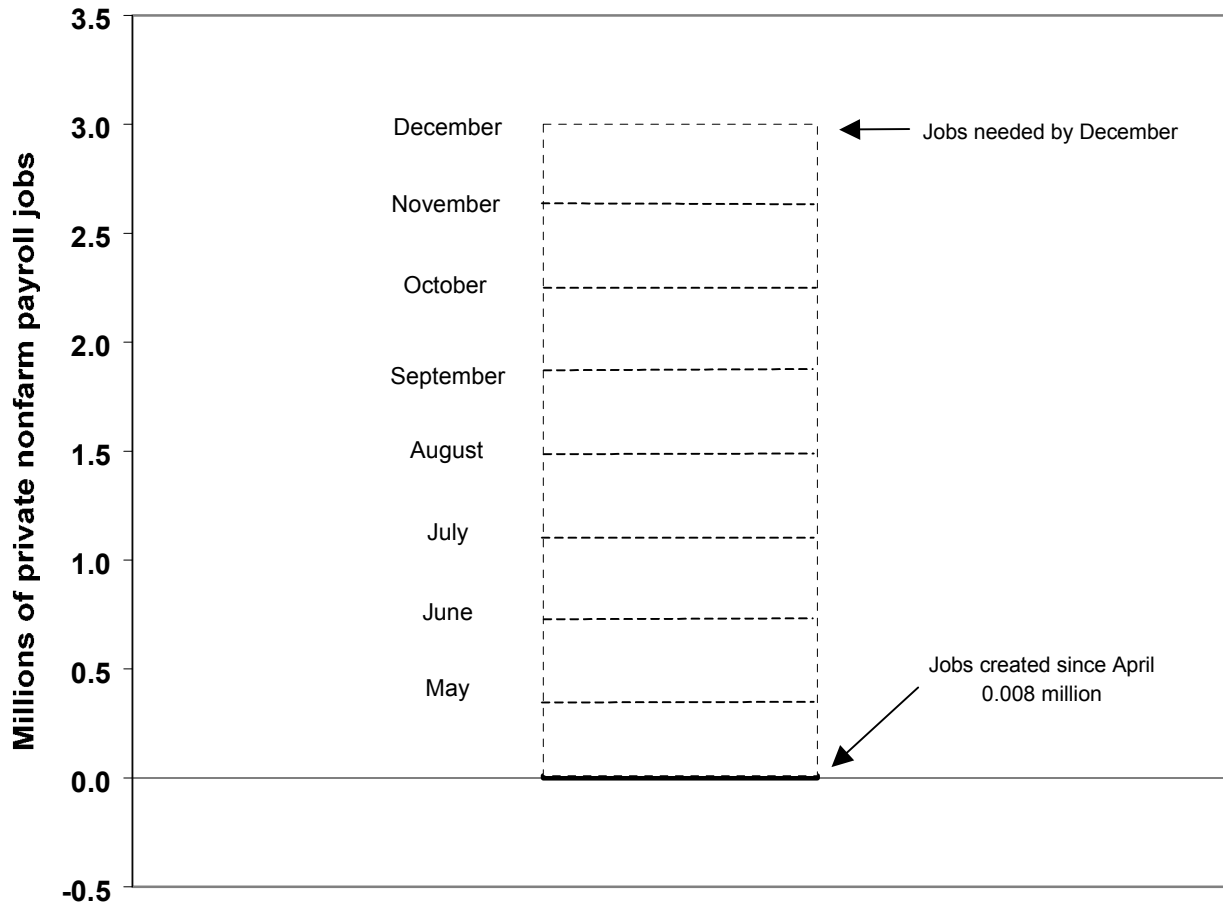
The May employment situation continued to paint a bleak labor market picture. Since the recession began two years ago, the economy has lost 3 million private sector jobs. Overall, there are 9 million unemployed Americans, and about 4.7 million additional workers who want a job but are not counted among the unemployed. An additional 1.3 million people work part-time because they can’t find a full-time job. And long-term unemployment remains high, with 1.9 million Americans having been unemployed for more than 26 weeks – that’s nearly 22 percent of the unemployed.

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Chart 1

Jobs Ticker 3 Million Jobs Needed to Avoid the Worst Jobless Recovery Since the 1930s

Jobs Created versus Jobs Needed

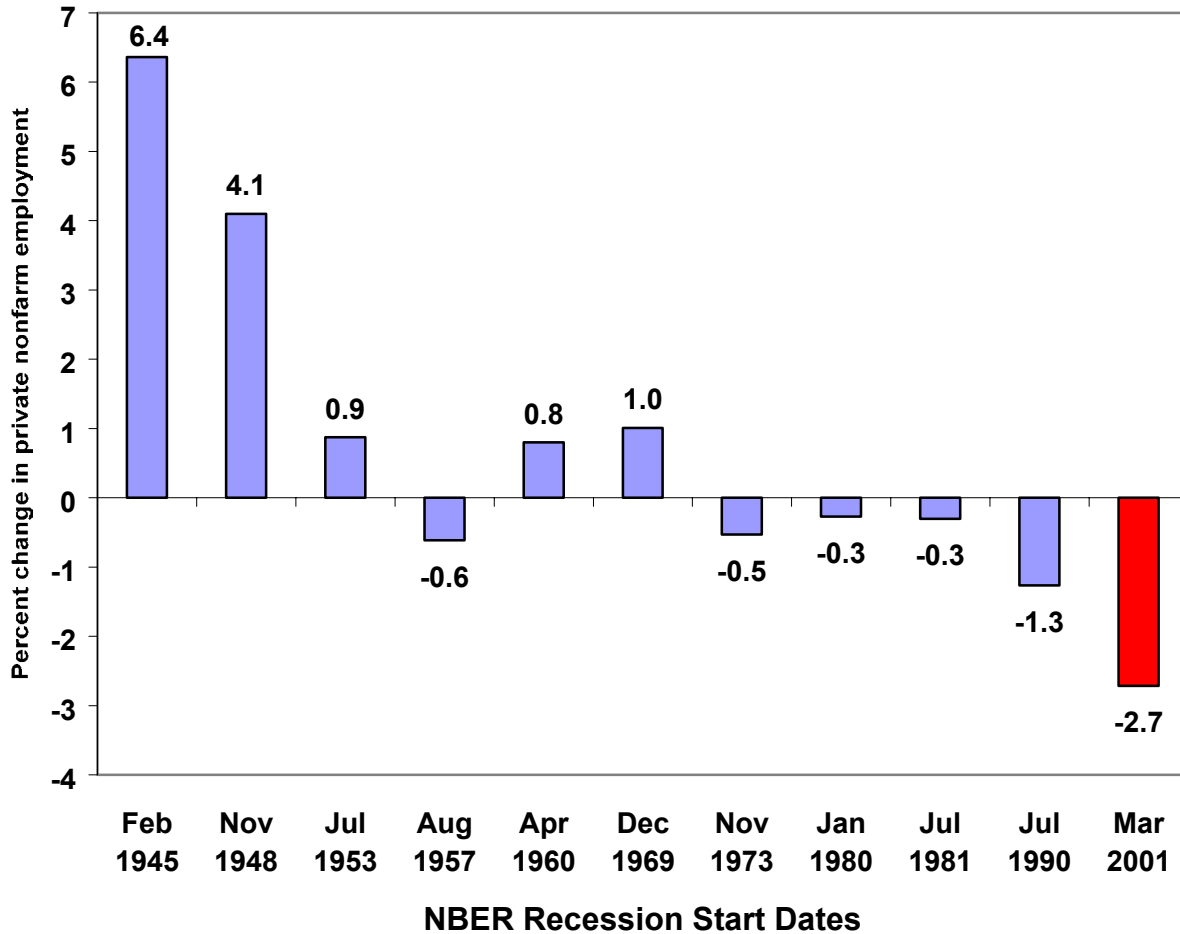


Source: JEC Democratic Staff, based on data from the National Bureau of Economic Research and the Bureau of Labor Statistics, U.S. Department of Labor.

In April 2003 there were just over 3 million fewer private sector jobs than there were when the recession began in March 2001. Among all previous business cycles since the 1930s, the one in which it took the longest to recover the jobs lost in the recession was the “jobless recovery” following the 1990-91 recession. However, only 8,000 jobs were created in May. If private sector job creation does not average 433,000 new jobs per month from June through December, the current cycle will eclipse this dubious record.

Chart 2

**Recovery in Private Nonfarm Payrolls is the Slowest
Since the 1930s**
26 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.