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## **Payrolls Expand in December, but Job Growth Lags under Bush**

Washington, D.C. – The unemployment rate was little changed at 4.9 percent in December, and 108,000 total payroll jobs were created. Non-government jobs grew by 94,000. Job growth in December was lower than expected, but November’s gains were revised up to 305,000 jobs from the original estimate of 215,000 jobs.

“The recovery in job growth after the Gulf hurricanes is welcome news, but President Bush still has a long way to go before he will have a job-creation record to be proud of,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “We can do better than this. Indeed, at this point in the last recovery, the economy had created about five million more jobs than we have seen in this recovery, and millions of Americans who want to work still do not have a job.”

Above-trend growth in 2005 was possible because the economy posted strong productivity growth and there was still slack in the labor market from the protracted jobs slump that began with the 2001 recession. 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, December’s 4.9 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 1.2 percentage points lower than it was at the start of the recession and the fraction of the working-age population with a job is 1.5 percentage points lower. Long-term unemployment also persists. More than one in every six unemployed people – 1.4 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, home heating fuel, and medical care are squeezing the take home pay of workers. In the past year, average hourly earnings have been stagnant, after adjusting for inflation.

Overall, there are 7.4 million unemployed Americans, and 5.2 million additional workers who want a job but are not counted among the unemployed (including about 1.6 million who have searched for work enough to be considered marginally attached to the labor force). An additional 4.1 million people work part-time because of the weak economy. The unemployment rate would be 8.6 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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