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JOB GROWTH STALLS IN DECEMBER

Despite 2.3 Million Jobs Deficit, GOP Still Has No Plans to Restore UI Benefits

Washington, D.C. – The unemployment rate fell slightly to 5.7 percent in December. However, the drop in the unemployment rate reflects a shrinking labor force, not expanding job opportunities. Only 1,000 payroll jobs were created. Private nonfarm payrolls grew by just 5,000 jobs.

“The decline in the unemployment rate shows that workers have dropped out of the labor market, not that jobs are back,” said **Rep. Pete Stark (D-CA), Senior Democrat on the Joint Economic Committee (JEC)**. “We are not making much progress in closing President Bush’s jobs deficit, let alone creating enough new jobs to keep up with the growing population. This is very discouraging news,” added Stark.

President Bush is on track to be the first President since Herbert Hoover to end his term with fewer jobs than when he started. Since job losses bottomed out at 2.6 million in July, employers have created about 56,000 jobs per month, on average. At that pace, it would take 3½ years to erase the current jobs deficit. President Bush would end his term in January 2005 with a deficit of over 1½ million jobs. Job creation would have to average over 175,000 jobs per month from January 2004 to January 2005 just to erase the current 2.3 million Bush jobs deficit completely.

“Despite the huge jobs deficit, the President and the Republican-controlled Congress callously allowed temporary federal unemployment benefits to expire at Christmas,” said Stark. “President Bush has become more conservative than compassionate in his policies toward the unemployed. Consequently, each week about 90,000 out-of-work Americans will face serious financial hardships when they lose their unemployment benefits. When Congress reconvenes, the first order of business should be to restore that lifeline to the unemployed and continue the program until the jobs deficit has been erased,” added Stark.

Payrolls have shrunk by 2.4 million (1.8 percent) since the recession began in March 2001. Both in absolute numbers and in percentage terms, that loss is larger than it was at any point in the recession of the early 1990s. Long-term unemployment remained high in December, and now more than one in every five unemployed – 1.9 million Americans – has been jobless for more than 26 weeks. Following the 1990-91 recession, the administration of President Bush’s father provided 20 weeks of temporary federal UI benefits in all states until 1.6 million jobs had been created.

Overall, there are 8.4 million unemployed Americans, and about 4.4 million additional workers who want a job but are not counted among the unemployed. An additional 4.7 million people 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.