

109TH CONGRESS

Congress of the United States
Joint Economic Committee
Democrats

804 HART SENATE OFFICE
BUILDING
WASHINGTON, DC 20510-6602
202-224-0372
FAX 202-224-5568
www.jec.senate.gov/democrats

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Contact: Nan Gibson
202-224-0377

**2004 JOB GROWTH FALLS FAR SHORT OF ADMINISTRATION
FORECAST; LOW BAR SET FOR 2005 PAYROLL GAINS**

Private Payrolls Remain One Million Jobs Below January 2001 Level

Washington, D.C. – The unemployment rate was unchanged at 5.4 percent, and 157,000 total payroll jobs were created in December. Non-government jobs grew by 128,000 last month.

“Despite three years of economic recovery we still have a jobs deficit, so it’s not surprising that in its most recent economic forecast the Administration has set a low bar for job creation this year,” said **Sen. Jack Reed** (D-RI), Democratic member of the **Joint Economic Committee (JEC)**. “It’s also worrisome that the President begins his second term with a wage gap. Corporate profits and worker productivity have been growing, but wages are not keeping up with inflation. Unfortunately, paychecks are being stretched thinner as families face higher prices and rising interest rates.”

Today’s employment report shows that despite 16 months of job growth, there are still 122,000 fewer nonfarm payroll jobs than there were when President Bush took office. There are 1.0 million fewer private payroll jobs, including 2.7 million fewer manufacturing jobs.

When selling its tax cuts, the Administration had forecast that the economy would create about 300,000 jobs per month. But over the last 16 months job growth has been only about half of that – 155,000 jobs per month – and has barely kept up with the growing labor force. The Administration is now forecasting that the economy will add about 175,000 jobs a month in 2005.

The prolonged labor market slump has also taken its toll on workers’ earnings. Since job losses peaked in August 2003, average hourly earnings have *declined* by 0.7 percent, once inflation is taken into account. Corporate profits, by contrast have grown by 41 percent under President Bush.

Overall, there are still 8 million unemployed Americans, and about 5.0 million additional workers who want a job but are not counted among the unemployed. An additional 4.5 million people work part-time because of the weak economy. The unemployment rate would be 9.3 percent if the figure included those who want to work but are not counted among the unemployed and those who are forced to work part-time because of the weak economy. About one in every five unemployed people – 1.6 million Americans – has been jobless for more than 26 weeks, the maximum number of weeks for receiving regular unemployment insurance benefits.

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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