



CPEG Commentary on February 2011 BLS Jobs Report

The BLS employment report for February 2011 is better than we have seen for several months, reporting a job creation total of 192,000. However, before we decide that the jobs crisis is over, let's put these numbers in context.

- (1) We lost 8.8 million jobs in the Great Recession – we have now recovered about 1.5 million or 17% of those. And this is 20 months after the official end of the Great Recession in June 2009.
- (2) We still have over 500,000 fewer people employed than was the case at the **end** of the Great Recession.
- (3) There are normally about 110,000 new labor force entrants each month. Even at the positive rate of job creation reported for February, roughly 80,000 above the new labor force entrants, it would take 171 months, 14 years, to provide jobs or the 13.7 million “officially” unemployed. If the 6 million discouraged workers are included, it would take over 20 years to provide sufficient jobs.
- (4) This discouraging picture reflects the very slow rate of job creation over the past 12 months, an average of 106,000/month, less than the number needed to provide jobs even for those newly entering the labor force.
- (5) The proportion of long term unemployed remains at record levels: 43.9% of total officially unemployed were unemployed for 6 months or more (the definition of long term unemployed).
- (6) The number of unemployed is large, large enough that sometimes people have trouble grasping it. So is a way of visualizing our current unemployment situation. If the 13.7 million officially unemployed and the more than 6 million discouraged workers were lined up shoulder to shoulder, they would stretch from Maine to California and back – and there would still be 2 million unemployed waiting to get into the line.

These are the basic, discouraging numbers. It is also important to consider what the nature of our “recovery” has been to date.

- (1) First, there is a marked shift in terms of the nature of the jobs being created. Although low wage jobs lost in the Great Recession were less than a quarter of total job loss, low wage jobs represent almost half of then new jobs created last year (low wage jobs: \$9 - \$13/hr).
- (2) This is in sharp contrast to the pattern in past recessions, even in the jobless recovery after the 2001 recession.

- (3) One result is a very slow rate of income growth for the employed population. Hourly wages have grown by only 1.7% over the past year, barely above the 1.6% rate of inflation and obviously below that for energy.
- (4) Finally, temporary jobs remain a very large proportion of new jobs created.

The only conclusion possible is that we need a federal jobs program on the scale necessary to generate millions of new jobs. Fortunately there is such a proposal. Yesterday Rep. John Conyers, (Detroit) submitted HR 870, "The Humphrey-Hawkins 21st Century Full Employment and Training Act" to create a jobs program that addresses the fundamental deficit facing the US economy, the deficit in jobs at living wage. And for the deficit hysteric, the good news is that the bill is deficit neutral: the jobs to be created are paid for by a tax on the trading of stocks, debt, and currencies – the financial sector would finance the creation of the jobs that were destroyed by the meltdown of the financial sector.

Please contact your representative and ask him/her to become a co-sponsor of this very important piece of legislation.