



CPEG Commentary on August 2011 BLS Jobs Report

The Bureau of Labor Statistics released the August jobs/unemployment report today, September 2. It is important to identify both what this report covers/highlights, AND what it leaves out or minimizes. And based on both of these, we need to briefly ask: what do we need to do?

First, what it covers. The report shows no significant change in the number of non-farm jobs in August. The number of unemployed persons remains at 14.0 million, which gives an overall unemployment rate of 9.1 percent, which has shown little change since April.

Think that's bad? It gets worse. Unemployment rates for African-Americans (16.7%), for Hispanics (11.3), and for 16-19 year-olds - teen-agers (25.4%) are all well above the national average and virtually unchanged from previous months. These are depression-levels of unemployment, and warrant much more media and policy attention than they've received. As is generally the case, August saw more people enter than leave the labor force, which caused the labor force to rise to 153.6 million. The number of involuntary part-time workers – whose hours had been cut back or who were only able to find part-time work, rose from 8.4 to 8.8 million in August.

In addition to the unemployment numbers, we need to look at those either marginally or not in the labor force, since if people are unemployed long enough, many get so discouraged they give up and drop out. According to the BLS report,

“About 2.6 million persons were marginally attached to the labor force in August, up from 2.4 million a year earlier. These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey.

In addition, “there were 977,000 discouraged workers in August. Discouraged workers are persons not currently looking for work because they believe no jobs are available for them.” The remaining 1.6 million persons marginally attached to the labor force didn't look for work in the past 4 weeks due to school or family reasons.

So, despite the fact that the economy is officially growing (so we're not in an official recession), things are very bad and not significantly improving on the jobs front. This is shown in a couple of ways, one of which is the high level of long-term unemployment. The 6.0 million workers unemployed for more than 26 weeks remains at almost half - a shocking 42.9% - of the total number of unemployed. And with cuts in unemployment compensation in many Republican-led states, the health and well-being of many of these workers is becoming dire indeed! So, while the over-all unemployment rate has decreased from 9.6% to 9.1% over the past year, in the past month it has stayed the same. We're “dead in the water” in terms of improving the unemployment rate, and doing little to nothing to improve the economic situation of the millions who have become unemployed or discouraged workers since the start of the Great Recession (December, 2007).

A few more depressing statistics: Government employment continued to shrink (-17,000), despite the return of 22,000 workers from a partial government shutdown in Minnesota in August. Local government has lost 550,000 jobs since September, 2008 according to the BLS report. And the length of the average workweek for all employees on private nonfarm payrolls shrank by 0.1 hour in August, while their hourly earnings decreased by 3 cents, or 0.1 percent. Finally, the BLS revised the total employment numbers for June and July downward, from +46,000 to +20,000 for June, and from +117,000 to +85,000.

To sum up, the numbers in the BLS report clearly document the failure of the American economy and the current political-economic policies to provide the jobs which we need and deserve to live.

What the report leaves out.

First, it leaves out the impact of these abysmal economic conditions on the un- and under-employed. If you know such people, you know that many/most of them on some level blame themselves. So in addition to worrying about missed house- and car-payments or rent, lack of health insurance, and not having enough to eat, they carry around the heavy burden of blaming themselves. If you know any of these good folks, please reassure them every chance you get that IT'S NOT THEIR FAULT!!! They, and we all, need to direct our anger and frustration at the causes of this underperforming economy, not the victims.

Second, it leaves out the causes and causal connections of this depressing economy. We noted earlier, for example that we've lost 550,000 public sector worker jobs over the past 3 years. The loss of public sector jobs is directly related to the larger, poor economic conditions: when people are unemployed and so buy fewer goods and services, governments at all levels get fewer sales and income taxes. And since many/most state and local governments are required to balance their budgets, they in turn often have to lay off workers. So we see a vicious circle and downward spiral of either increasing or no change in unemployment in the public and private sectors.

Taxes paid are not the only loss when people are under- or unemployed; people with less money buy less, as noted above. Our economy is 70% based on consumer spending. So it's not surprising to see such poor, unchanged employment numbers in this report when wages for most people have at best not increased, if not significantly declined, over the last 10+ years. That's another vicious cycle – when people spend less, companies see only the same or lower demand for their goods and services, and so have no reason to hire more people. Indeed, they often reduce workers to part-time status, or lay them off and make the remaining workers work longer/harder. So the downward spiral continues: the worse things are, the worse things get.

Finally, the report leaves out what we need to do to turn this situation around. First, we need Congress and the President to pass and implement a serious federal jobs program. One version of such is presented on the CPEGonline website (<http://www.cpegonline.org/reports/jobs.pdf>). A legislative/policy version of a federal jobs program is proposed in HR870, the 21st Century Full Employment and Training Act. Everyone concerned about the future of our economy and well-being should call and/or write their elected officials to make passage of HR870 a top priority. Second, we need to address, publicize, and stop the vicious circles identified above, as well as the underlying causes of our current economic mess. For we can only improve our economic future by controlling the factors which affect it, and if we fail to do so, we can hardly expect many future “Happy Labor Days”!

