



## Chicago Political Economy Group (CPEG) Commentary on October 2011 BLS Unemployment and Jobs Report

The two comments counterposed below captures the current job, or rather jobless, recovery.

The most important point is that we are in a (weak) upswing in the economic cycle and yet are not creating any work for the 25 million underemployed and underemployed. The crucial statistic, the civilian labor force participation rate remained at 62.2 percent in October. The growth in jobs does not match the number of high school graduates and others just entering the job market.

This is very serious since the upswing is not likely to accelerate in the next period and when it is followed by the inevitable downturn millions of previously employed will be added to the army of more or less permanently unemployed.

Without a fundamental restructuring of the labor market, which can only be accomplished by a massive federal jobs creation program, we are headed to a society where unemployment and casual employment becomes the norm, and those who do manage to hold on to jobs will face increasingly deteriorating, insecure income and sweatshop working environments.

## From Dean Baker-Nov 2

*The economy is settling into a pattern of sustained weak growth. Investment growth is likely to remain relatively healthy as equipment and software investment stays strong, while structure investment becomes at least a small positive in the growth data. Housing has bottomed and will likely be a small positive going forward. Consumption growth is likely to be in a 2-3 percent range. Consumers still have not fully adjusted to their loss of housing wealth (at 4.1 percent, the saving rate in the quarter was well below the 8 percent pre-bubble average), so consumption is likely to trail income growth.*

*Given the depth of the downturn, this pattern of weak growth is grossly inadequate. At this pace the economy will never return to full employment since it is just keeping pace with the growth of the labor force. However, because many analysts had raised concerns of a double-dip, this growth is likely to be viewed as good.*

## From NY times Nov 4

The United States had another month of mediocre job growth in October, the Labor Department reported Friday.

[Employers added 80,000 jobs](#) on net, slightly less than what economists had expected. That compares to 158,000 jobs in September, a month when the figure was helped by the return of 45,000 Verizon workers who had been on strike.

While job growth is certainly better than job losses, a gain of 80,000 jobs is barely worth celebrating. That was just about enough to keep up with population growth, so it did not significantly reduce the backlog of 14 million unemployed workers.

As a result, the unemployment rate hardly budged, dropping to 9 percent from 9.1 percent in September.

The rate has not fallen below 9 percent in seven months. In the year before the [recession](#) began in December 2007, the jobless rate averaged about half that, at 4.6 percent.