Behind Friday’s Jobs Report: The Real Numbers

Buried in Friday’s employment report from the Department of Labor Statistics were two key numbers that reflected the slowdown in the economy so long denied by the administration: “private sector employment edged up over the month (+71,000). Thus far this year, [such] employment has increased by 630,000, with about two-thirds of the gain occurring in March and April.” (Emphasis added.) The other appeared in the final paragraph of that report: “The change in total nonfarm payroll employment for May was revised from +433,000 to +432,000, and the change for June was revised [downward] from -125,000 to -221,000." (Emphasis added.)

Taken together, these two numbers reflect the slowing of the economy that has occurred ever since Vice President Joe Biden predicted back in April that “some time in the next couple of months we’re going to be creating between 250,000 and 500,000 jobs a month.” Even with the temporary surge in employment in March and April, the private economy has managed to generate fewer than 100,000 jobs every month, about half of the number needed just to keep the economy stable.

According to the *New York Times*, the job growth in July is “about half the number that economists say is needed simply to accommodate population growth, so the tepid job increases cannot begin to plug the hole created by the loss of more than eight million jobs during the recession.” Robert Dye, senior economist at PNC Financial Services Group added: “The private sector is still hobbled and certainly is not nearly strong enough to overcome the drain on the government side.”

These numbers merely confirm the slowdown evident in other areas. While corporate earnings “were spectacular,” according to Allen Sinai, chief global economist at Decision Economics, “the job market just stinks.” Many optimists were disappointed at Friday’s numbers. Robert Barbera, chief economist of Mount Lucas Management, who has remained steadfastly bullish about the imminent recovery, said, “No question about it, the three-month average of adding 50,000 jobs is disappointing versus almost nobody’s expectations.” And the pessimists are getting more pessimistic. Jan Hatzius, chief U.S. economist for Goldman Sachs, just lowered his expectation of economic growth for the year 2011 from 2.5 percent to 1.9 percent.

Immediately following the release of the report, Rasmussen did a survey on both consumer and investor confidence, which showed both falling to the lowest levels of the year. Only one in five surveyed believe that the economy is getting better while more than half believe it’s getting worse. And only 8 percent rate the economy as good or excellent. Furthermore, the confidence ratings have fallen in the past two months, in lockstep with the decline in jobs. Rasmussen said their Investor Index fell to a new low for the year as well.

Retail sales for July also reflected reality, with same store sales “weaker than expected,” according to

Thomson Reuters as reported by the *Times*. John Long, a retail manager at Kurt Salmon Associates, was especially disappointed: "July of last year was particularly weak, so most [retailers] — especially teenage retailers — were up against very weak comp[arisons]. That should've made this July's comps [an easy] layup."

Writers at the *Daily Bell* concluded that these latest numbers are "creating desperation time for the Obama Administration. While there is nothing much [any administration] can ever do to 'create' jobs or to make an economy more prosperous [it] can surely make things worse." And the administration is about to do just that.

With the Senate having passed another $26 billion spending bill to help bail out overdrawn states and cities, "the money has to come from somewhere," says the *Bell*. "Even if it is merely printed … by the Federal Reserve, it becomes a tax of sorts, eventually, as further spending will generate price inflation. And actually the jobs that will be generated will not be 'real' jobs created by the economy but 'make work' jobs." And despite having run out of ammunition, the Fed is considering more intervention in the mortgage market. By purchasing long-term Treasury bonds, it could lower interest rates even further, which could bring long rate home mortgages (currently at 4.5 percent) down even further.

The establishment is using this concern about high unemployment becoming the "new normal" to generate momentum for still more "stimulus" and "incentives." Glenn Hubbard, dean of the Columbia Graduate School of Business and former economic advisor to George W. Bush, favors "investing" more in education to retrain those workers whose former jobs are never coming back. "If there is a new normal," he said, "it's more about the labor market than GDP. We have to help people face a new world." And so, naturally, he favors more government spending on job training and financial assistance for community colleges.

All of this is part and parcel of the "new normal": more government. In a prescient and careful analysis, *"America's Ruling Class — and the Perils of Revolution,"*, author Angelo Codevilla explains:

> Our ruling class's agenda is power for itself. While it stakes its claim through intellectual-moral pretense, it holds power by one of the oldest and most prosaic of means: patronage and promises thereof. Like left-wing parties always and everywhere, it is a "machine," that is based on providing tangible rewards to its members. Such parties often provide rank-and-file activists with modest livelihoods and enhance mightily the upper levels' wealth. Because this is so, whatever else such parties might accomplish, they must feed the machine by transferring money or jobs or privileges — civic as well as economic — to the party's clients, directly or indirectly…. Hence our ruling class's standard approach to any and all matters, its solution to any and all problems, is to increase the power of the government — meaning of those who run it, meaning themselves, to profit those who pay with political support for privileged jobs, contracts, etc. Hence more power for the ruling class has been our ruling class's solution not just for economic downturns and social ills but also for hurricanes and tornadoes, global cooling and global warming…. But there can be no doubt that such power and money *makes Americans ever more dependent on those who wield it.*

As the "ruling class," in Codevilla's phrase, continues its quest for power, it will meet increasing resistance from the "country class."

> Only citizens' understanding of and commitment to law can possibly reverse the patent disregard for the Constitution … the ruling class's greatest difficulty will be to argue, *against the grain of*

reality, that the revolution it continues to press upon America will be sustainable. [Emphasis added.]