



## July BLS Jobs Report: The Sound of One Hand Clapping?

To Jeffrey Bartash, writing for the *Wall Street Journal's* MarketWatch, Friday's jobs report [looked awfully good](#): 209,000 new jobs were added in July and in all the right places: mining, construction, manufacturing, transportation, and warehousing. In addition, there was almost no growth whatsoever in the "government" sector: just 11,000 new jobs were created there last month. This, according to Bartash, means that the economy is on a hot streak, having generated more than 200,000 new jobs every month for the last six months — the first time that has happened since 1997.



Added Bartash:

In the first seven months of 2014 the economy has gained an average of 230,000 jobs. That's the best stretch of job creation since the [Great Recession] ended in mid-2009 and 19% faster than the pace of hiring in 2013.

End of story? Not quite.

Half of those jobs came from retail trade, professional and business services, leisure, and hospitality. Most of these are low-paying, often temporary jobs. Indeed, Bartash admitted that 10,000 of the 47,000 new jobs in business services were temp positions. He also acknowledged that wages have barely budged — not even keeping up with inflation (using the government's numbers). All of which, he said, explains "why the economy continues to grow well below its historical average of 3.3% a year."

Indeed, if job growth is doing so well, why is that not being reflected in the overall growth of the economy? Part of the answer is where Bartash is looking: at the report by the Bureau of Labor Statistics (BLS) on "establishment data" rather than "household data." But as the BLS explains,

The household survey has a more expansive scope than the establishment survey because it includes self-employed workers whose businesses are unincorporated [and are thus excluded from the "establishment" survey], unpaid family workers, agricultural workers, and private household workers.

In addition, the "establishment" survey often double-counts workers. Notes the BLS: "In the establishment survey, employees working at more than one job and thus appearing on more than one payroll are counted separately for each appearance."

So, what's the real employment picture, using the real household data rather than the "headline" figures used by Bartash? Just over 130,000 new jobs were created in June, not 209,000.

An even closer look at the BLS report reveals another disturbing anomaly: The population is growing more quickly than jobs are. In July 2013 the total civilian population was 245.7 million, while in July, 2014 it had grown to 248 million — a gain of 2.3 million souls. In that same 12 months, however, the



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number of employed grew from 144.3 million to 146.4 million, a gain of just over two million. That's a negative gap of 250,000 jobs that weren't created if the economy just kept up with population growth.

And then, of course, there's the never-ending debate over the unemployment rate, which ticked up slightly in June, to 6.2 percent. But, according to the BLS, when all the people who want a job but gave up looking for one are counted, along with those with part-time jobs who want full-time work, and those who dropped off the unemployment rolls when their benefits ran out, the unemployment rate is twice the headline rate: 12.2 percent.

According to Rex Nutting, also writing for the *Journal's* MarketWatch, the real unemployment rate — reflecting the number of people who would like to work but can't find a job, along with those working part-time (often two or three jobs to make up the difference) but who would like to have a full-time one — is perilously close to 15 percent: "I calculate that there are 23.8 million people who would like to find a job, or would like a job that gives them full-time hours."

The big number missing from the discussion, however, is *how many Americans have left the workforce since January 2009* — meaning they not only don't have a job but didn't look for one in the last month. Here's the math: In January 2009, there were 80,529,000 Americans not in the workforce. In July 2014, that number is 92,001,000. That means that 11,472,000 Americans have left the workforce since President Obama's first inauguration.

This from an economy that, according to what the president said on Friday, is "clearly is getting stronger." Neither the president nor, apparently, the BLS surveyed any of those 11 million to ask them how they're doing.

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