



Friday's Surprisingly Strong Jobs Numbers Aren't Real

At first blush the [jobs report](#) released by the Bureau of Labor Statistics on Friday looked pretty good, catching establishment economists off-guard by about 80,000 new jobs. Instead of the 160,000 new jobs expected in February, [the BLS reported 236,000](#), which pushed down the unemployment rate to 7.7 percent. This came on top of a drop in claims for unemployment insurance as well, with the four-week moving average of 348,750 new claims declining to the lowest level since March 2008.



Some saw the numbers as exposing as overwrought claims by President Obama and Fed Chairman Bernanke that the sequester cuts would cost the economy some 750,000 jobs. John Crudele, writing in the *New York Post*, considered these happy numbers as a “blow to the area below Obama’s gut. It’s hard to rev up fear in people about the job market when they’ve just heard that things may be getting better.”

Not so fast. Though the administration has [deceptively fanned the flames of fear](#) regarding the sequester cuts, it must also be kept in mind that the job numbers now in the news do not tell the whole story.

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First of all, reports early in the new year are usually fairly robust. In January and February 2012 the BLS reported nearly 600,000 new jobs, but then the economy stalled, with growth in GDP essentially flat-lining in the last quarter of the year.

According to the household survey, where the BLS asks how many are working in a household, 170,000 new jobs were added in February of this year — despite the addition of an astounding 446,000 part-time jobs. What this means is that some [276,000 full-time jobs were lost in February](#). A Gallup survey released the day before the Labor Department’s report noted:

Although fewer people are unemployed now than a year ago, they are not migrating to full-time jobs for an employer. In fact, fewer Americans are working full-time for an employer than were doing so a year ago, and more Americans are working part time.

This may be an effect of the ObamaCare rule that employees working 30 hours a week or more must be covered with health insurance, and as a result of that more and more employers are cutting hours and hiring more part-time people. And as hours are cut, more and more people are seeking a second job to make up the difference. That would be another of those “unintended consequences” of government interference in the marketplace.

An editorial in the *New York Times* successfully [saw past the rosy surface numbers](#) reported on Friday as well. It looked around at where job growth might come from. Housing? Some growth there, from a percentage basis. But when one is at the bottom, everything looks up from there. Car sales? Not so



Written by [Bob Adelman](#) on March 10, 2013

much. Rising wages? [Not much help there either.](#)

The *Times* also noted that the labor force is shrinking, so that whatever numbers the BLS reports aren't real:

Most of the decline [in unemployment] reflects a shrinking labor force rather than new hiring. In fact, if hiring were more robust, the unemployment rate would hold steady or even rise as the estimated four million Americans who are not working or looking for work rejoined the ranks of job seekers, where they would be counted in the official unemployment rate.

Furthermore, those who have been out of work for six months or more actually increased last month. If the economy were healthy, surely that number would be declining.

Even if one could believe that the unemployment report from Friday was accurate, it still falls below the estimated 250,000 jobs needed every month just to absorb new job seekers. It would take many more than that to bring the unemployment rate down significantly, and that just isn't on the horizon.

Until the debate about how to grow the economy changes significantly in Washington from "how do we grow jobs?" to "how do we get out of the way of jobs growth?" the unemployment rate will remain high, extending the impact of the Great Recession far into the future.

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