

# ***PERSONALLY SPEAKING***

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## **64,000 ADDITIONAL PRIVATE PAYROLL JOBS IN SEPTEMBER: A TRICKLE IN A U.S. RECOVERY GLASS THAT IS LESS THAN HALF FULL**

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The latest employment and unemployment data from the Bureau of Labor Statistics monthly household and payroll surveys has something for both bulls and bears.

For the bears who see the glass as half-empty, the jobless rate (seasonally adjusted) in September 2010 compared to one year earlier is higher for adult women (+0.1 percent), persons with less than a high school diploma (+0.4 percent), those with some college or an associate degree (+0.5 percent), and blacks (+0.6 percent).

Further, since September 2009 there are 676,000 more persons out of work for 27 weeks or more, 314,000 more working part time for economic reasons, and 503,000 additional discouraged workers.

Year-over-year data (not seasonally adjusted) indicate that joblessness is higher in construction (+0.1 percent), education and health services (+0.3 percent), wholesale/retail trade (+0.6 percent), government sector (+0.8 percent), and other services (+1.4 percent).

For the bulls who see the glass as half-full, the unemployment rate (not seasonally adjusted) for all private-sector workers including those in agriculture, the self-employed, and unpaid family workers, for the first time since April 2009 dropped below 10.0 percent. Last January this rate topped out at 11.6 percent.

Compared to twelve months earlier there were more (+921,000) wage and salary workers in private nonagricultural industries in September 2010. A similar improvement (+767,000) was noted for August 2010 vs. August 2009. This positive change reverses a year-over-year negative trend that began in June 2008 and continued every month until two months ago.

Moreover, year over year there were more persons working full time (+355,000) and part time (+177,000).

However, total employment in private nonagricultural pursuits in September 2010 was 6,906,000 below the pre-recession peak in July 2007.

**In September there were a total of 6,684,000 persons holding more than one job. Some, no doubt, held two wage-paying jobs, perhaps one full time and one part time. Or, a multiple jobholder might hold a wage-paying job as a professional firefighter with paid work on the side as a steamfitter. Or, an unpaid family worker who works in the family's dry cleaning business might have a part-time paid job in a fast-food restaurant.**

**When the BLS survey of employers reports that private payrolls increased by 64,000 as occurred in September, it does not follow that 64,000 additional persons were employed. Some of the new hires might hold other jobs and for that reason the employment total would not necessarily increase to match the payroll increase. This in turn has the effect of holding back some of the decrease in the unemployment total and in the rate of unemployment.**

**Similarly for the 1,209,000 discouraged workers in September many of whom likely will take jobs as the economic recovery gets underway.**

**The BLS little-reported series of data showing month-to-month change in labor force status indicates that an estimated 3,431,000 persons who were not in the labor force in August were employed in September. This dynamic takes place month after month (3,157,000 persons not in the labor force in August 2009 were employed in the following month) and puts the 64,000 additional private payroll jobs in perspective. If in the extreme none of those jobs had been created and 64,000 additional persons were unemployed or not in the labor force, the September jobless rate would not have budged from 9.6 percent.**

**The National Bureau of Economic Research officially dated the end of the current recession in June 2009. If we think about a recession in terms of a devastating hurricane like Katrina, the NBER information in effect tells us when the eye of the storm has passed. However, we know from experience that the human devastation does not end with the passing of the storm. It continues for months and even years later. The collapse of the levees protecting New Orleans from Katrina wrecked the City which even five years later has not fully recovered.**

**The U.S. economy experienced something eerily similar in 2008. The collapse of financial markets that protect the private sector means that it will take years for the economy to recover fully. Specifically, it took almost 14 years for unemployment to drop from 9.5 percent in August 1983 when unemployment began to recede from the 1981-1982 recession to below 5 percent in May 1997.**

**The run-up in commodity prices especially for precious metals that currently appears to be driven by investor fear reinforced more recently by serious legal problems regarding foreclosures and enormous federal deficits suggests that adding 64,000 private-sector jobs amounts to a trickle in a glass that remains less than half full.**

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