Popular Economics Weekly

A Lousy Jobs Report?

By **Harlan Green** / Special to CASA

AT FIRST GLANCE IT LOOKS LIKE A LOUSY JOBS REPORT. It's true the labor market has softened in several aspects. Payroll jobs increased just 126,000 in March after increases of 264,000 in February and 201,000 in January. January and February were revised down a net 69,000. Market expectations for March were for a 247,000 increase. And, the unemployment rate held steady at 5.5 percent.

Monthly job creation is at a 15-month low, say economists, which could be because of a number of factors. Winter is still freezing out the midwest and east, while the oil and mining industries have already lost 30,000 jobs in 2015 due to plunging oil prices. And governments have added back just 128,000 of the 630,000 jobs lost during the recession. But overall, wages are now rising faster than inflation—0.3 percent—and 3.1 million jobs were created in the past 12 months.

So it's still a hopeful report, given the circumstances. This should mean Janet Yellen's Federal Reserve will not be so hasty to raise interest rates in June, not while inflation is still negative in Europe, close to zero in the U.S., and falling in other parts of the world.

There are still too many workers out of work, in other words, and most of the jobs being created are in the service sector, the lowest paying jobs in general. The professional and business services sector was the big jobs winner with 40,000 jobs added in March. This is not surprising, given that the largest businesses are in the computer and software industries—such as Facebook, Microsoft, Apple (now the largest corporation in stock valuation in the world), and so forth.

Actually the professional, scientific, and technical services sector is now our fastest growing business sector, comprising establishments that specialize in performing professional, scientific, and technical activities for others, such as attorneys, accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; and other professional, scientific, and technical services, says the U.S. Bureau of Labor Services.

But low inflation is still a problem, particularly in Europe with its ongoing austerity policies that have kept the unemployment rate in the 11 percent range, and Greece still threatening to leave the Eurozone.

The Eurozone is suffering from falling prices, and so the expectation of growth. This hurts the 25 percent of U.S. exports that flow to Europe. It is a situation Europeans have brought on themselves, as their policy makers refuse to infuse more economic stimulus spending, while their budget deficits soar. They are still in full-blown austerity mode, in other words, protecting themselves from non-existent inflation that cuts off government revenues and increases budget deficits.

Low wages are still a problem for U.S. workers since 2009 and the end of the Great Recession, but that may be about to change, says Nobelist Paul Krugman in his latest *NY Times* Oped: "On Wednesday, McDonald's — which has been facing demonstrations denouncing its low wages — announced that it would give workers a raise. The pay increase won't, in itself, be a very big deal... But it's at least possible that this latest announcement, like Walmart's much bigger pay-raise announcement a couple of months ago, is a harbinger of an important change in U.S. labor relations."

"Suppose that we were to give workers some bargaining power by raising minimum wages, making it easier for them to organize, and, crucially, aiming for full employment rather than finding reasons to choke off recovery despite low inflation. Given what we now know about labor markets, the results might be surprisingly big — because a moderate push might be all it takes to persuade much of American business to turn away from the low-wage strategy that has dominated our society for so many years."

For it is such low wage increases, and economic policies that have discouraged collective bargaining in the 29 right to work states (red states with the poorest economies), that have held down economic growth and spawned theories of a 'new normal', slower growth, economy.

That doesn't have to be, if our Austerians would only wake up and realize that giving employees the same rights as their employers will create more prosperity for all.

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