Low-paying service-sector jobs predominate in October US jobs report

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The US economy added 214,000 jobs in October, and the nominal unemployment rate fell to 5.8 percent, according to the Labor Department's latest monthly jobs report. The payrolls figure, which the *Wall Street Journal* referred to as "modest," was slightly below economists' consensus estimates of 232,000.

While October's jobs figure was somewhat elevated over previous reports, the number of additional jobs created is less than the average monthly job growth during the 1990s, even though the US population is larger, by 50 million.

Stocks hit new highs after the release of the figures; both the S&P 500 and Dow Jones Industrial Average closed at record peaks for a third day in a row. The markets are soaring mainly on the basis of the Federal Reserve's easy money policy, which continues in the wake of the official end to "quantitative easing" in the US.

The White House greeted the news of the event by praising the so-called economic "recovery." Jason Furman, Chairman of the Council of Economic Advisers, bragged, "The economy has come a long way since the crisis six years ago."

The overwhelming majority of the jobs created, 181,000, were in the service sector, which predominantly pays lower wages. Only 15,000 manufacturing jobs were added. That means that for every 12 jobs added in the service sector, only one was added in manufacturing.

Temporary employment agencies added 15,100 jobs, or about the same number as were added in the manufacturing sector. The leisure and hospitality industries added 52,000 jobs, mostly consisting of new jobs in food services and drinking establishments, which added 41,800 jobs. The food services sector pays a median wage of $9.48 an hour. The retail sector, which pays a median wage of $10.29 per hour, added 26,100 jobs.

The average duration of unemployment shot up sharply in October, from 31.5 weeks in September to 32.7 weeks. To the extent that there has been an improvement in the job market, it has been almost entirely confined to the short-term unemployed. There remain 2.9 million people who have been out of work for 27 weeks or more, accounting for 32 percent of all of the officially unemployed, according to the Labor Department.

Rutgers University released a study in September showing that one in five people who had been laid off since 2008 were still unemployed. The study found that "one-third of Americans who experienced a period of long-term unemployment during the past five years can be said to have been 'devastated' because they reported a major and permanent change in their lifestyle."

Millions of people have simply given up looking for work, dropping out of official unemployment rolls. The Economic Policy Institute keeps track of "missing workers"—those who are likely to have dropped out of the labor force because no jobs are available. According to the organization, the number of missing workers stood at 5.7 million in October. If they were counted in the unemployment rate, it would be 9.1 percent, instead of the 5.8 percent that is officially reported.

The share of the US population that is employed rose to 59.2 percent, but remains far below its peaks of 63.3 percent in 2007 and 64.7 percent in 2000.

Wages remained largely stagnant. Average hourly earnings rose 3 cents in October and are up 2 percent over the past year, an increase that was almost entirely wiped out by inflation. Consumer prices have grown by

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1.7 percent over the past year.

"The quality of job creation remains insufficient to translate into wage pressures," Lindsey Piegza, an economist at Sterne Agee Group, told the *Wall Street Journal* .

The stagnation of wages has contributed to the continuance of mass poverty. According to the Census Bureau's supplemental poverty measure, 48.7 million people in the US are in poverty, while 47 percent of the US population are within 200 percent of the poverty-level income.

The US Federal Reserve's latest Survey of Consumer Finances, released in September, showed that between 2007 and 2013 the income of a typical US household fell 12 percent. The median household now earns $6,400 less per year than it did in 2007.

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