Sharp fall in US jobs growth in March

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US job growth dropped sharply in March with just 98,000 new jobs added, far lower than expected and well below the 180,000 average monthly figure for most of last year.

The Bureau of Labor Statistics (BLS) numbers stood in sharp contrast to the boasts of the Trump administration about being focused on job creation. They also underscore the disconnect between the surge in stock market values and the underlying state of the real economy.

The White House did not issue a statement relating to the March jobs numbers after rushing to take credit for the higher figures in January and February. It was the worst single month for job growth since May 2016.

"It was a disappointing report with no silver lining in the details," said Rob Martin, an economist with Barclay's quoted by the *New York Times*. "Service sector employment weakness points to a substantial slowdown in activity." In fact, there was a loss of 29,700 retail jobs in March, with department store chains JC Penney's and Macy's announcing the closing of 390 stores. This was also combined with the impact of the Trump administration's announced freeze in federal hiring.

The construction industry added just 6,000 jobs in March after adding a 59,000 in February. In addition to the tepid March numbers, the BLS also revised downward its figures for January and February by a total of 38,000 jobs. Meanwhile, education and health care related employment rose at the lowest rate in 15 months.

The US economic growth rate remains at an abysmal level, with an annual rate of 1.2 percent expected for the first quarter after growing just 1.6 percent in 2016. This compares to an average annual growth rate in previous periods of economic "recovery" since the 1960s of 3.9 percent. In the seven years since the official end of the recession in 2009, US annual economic growth has never exceeded 2.5 percent. Prior to the recent period, the longest stretch in which US annual growth rate did not top 3 percent was 1930–1933, during the Great Depression.

While business optimism has increased since the November election based on hopes for higher profits due to Trump's pledges to slash corporate taxes and eliminate environmental, health and safety regulations, this hasn't translated into more investment or hiring. Real consumer spending decreased in both January and February when adjusted for inflation, indicating that workers are feeling the impact of the continued stagnation of real wages.

In March, the official unemployment rate fell to 4.5 percent, a ten-year low. This was something of a statistical anomaly due to the fact that the figures for hiring and those used for calculating the unemployment rate are taken from two separate surveys conducted by the BLS. One measures hiring by business and the other household employment. It is not unusual for the numbers to diverge on a monthly basis, but they tend to converge over time.

The US civilian workforce increased by 145,000 in March after rising 340,000 in February, exceeding the actual number of new jobs created. The labor force participation rate, another measure of those working, held steady at 63 percent. The labor force participation rate measures the number of employed workers and those actively seeking work as a percentage of the total population age 16 and over. Sixty three percent is low by historical standards and indicates a substantial surplus of those able to work but who for one reason or another are locked out of the active workforce.

The number of long-term unemployed, those out of work for 27 weeks or more, was little changed at 23.3 percent of the unemployed.

In so far as jobs are being created, they continue to be concentrated in lower wage sectors. According to a report in *Bloomberg*, some 44 percent of college graduates in 2016 were employed in jobs not requiring a degree. Service jobs continue to account for 80 percent of the US economy.

Average monthly earnings are rising at a paltry 2.7 percent annual rate, which is approximately equal to the official US rate of inflation, meaning that workers are seeing no real improvement in their already depressed standard of living. Indeed, there has been no net increase

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in median household income since 2000.

The March jobs figures increased speculation about the course of action that will be taken by the US Federal Reserve at its upcoming June meeting. Fed officials had pointed to the falling unemployment rate as a sign that the economy could safely absorb continuing rises in interest rates.

A number of economists tried to downplay the sharp fall in the March jobs figures as related to the weather. Others made the absurd claim that the fall in hiring was due to the economy reaching near full employment. In other words, this is as good as it gets.

This claim is being advanced with a straight face under conditions in which the BLS numbers showed 7,202,000 out of work in March. The unemployment rate for teenagers stands at 13.7 percent, for African Americans 8.0 percent and for Hispanics 5.1 percent. In addition, 5.6 million people reported working part-time but wanting full-time employment. There were another 460,000 so-called discouraged workers, i.e., those not actively seeking employment because they believe there are no jobs available for them. On top of that, there were 1.6 million workers who were unemployed but not counted in the official statistics because they had not looked for work in the previous four weeks.

In addition to the millions of unemployed are the tens of millions working at poverty-wage, dead-end jobs with little prospect for advancement. In 2015, the most recent year for which figures are available, there were 43.1 million living under the absurdly low official US poverty threshold. Of those, 29.8 million were members of families, and 14 million were children. Nine million of those in poverty were working year-round, either full time or part time.

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