March jobs growth dominated by low-wage sectors

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Despite a better than expected jobs report for the month of March, one year after the onset of the coronavirus pandemic, the US remains blighted by high levels of unemployment, including a stubbornly high number of long term unemployed.

The US Bureau of Labor Statistics reported Friday that employment rose 916,000 in March, a number boosted by large numbers of hotel, restaurant and other service workers returning to work as states moved rapidly and prematurely to remove COVID-19-related restrictions. Employment in education also rose significantly as the Biden administration moved ahead with the forced reopening of public schools.

The official unemployment rate fell to 6.0, still well above the pre-pandemic figure. However, a more realistic measure of the unemployment rate, which takes into account so-called discouraged workers and those forced to work part time who want full time work, stands at 10.7 percent. Known as the U6 rate, this figure gives a more accurate picture of the degree of social distress.

Reflecting the reentry of lower-paid workers into the labor force, average hourly earnings fell slightly in March.

In another indication of the depth of the social crisis, more than 4.2 million have been out of work for more than six months, and that number rose slightly in March from the previous month.

The largest job gains in March came from leisure and hospitality with a 280,000 increase. Bars and restaurants added 176,000 jobs, while arts, entertainment and recreation saw 64,000 new hires. These three sectors, typically low-wage and seasonal, accounted for well over half of the March job gains.

Local, state and private education added 190,000 jobs in March as schools reopened in cities across the US under the pressure of the Biden administration and Democratic Party politicians, who see the schools as a child care service for potential workers. This homicidal policy will only serve to add new fuel to the pandemic, which despite vaccinations, is surging in Michigan and a number of other states.

Construction added 110,000 jobs in March, while manufacturing added 53,000. Manufacturing is down 515,000 jobs since February 2020. Altogether, through March the US economy is still down 8.4 million jobs since before the pandemic.

While some economists predict that April will also show strong employment gains and an optimistic report by the *Wall Street Journal* predicted monthly job gains averaging 500,000 for the rest of the year, that would leave overall employment below pre-pandemic levels. According to the Federal Open Market Committee, a return to the 3.5 percent unemployment rate prior to the pandemic would take until the end of 2023 in the unlikely event there are not intervening economic shocks.

Another measure, the labor force participation rate, which measures the percentage of the population employed or actively seeking work, was little changed in March at 61.5 percent. That compares to the pre-pandemic level of 63 percent. The number of workers forced to work part time who wanted full time employment stood at 5.8 million, 1.4 million higher than February 2020. The number of discouraged workers stood at 523,000, unchanged from the previous month.

The release of the jobs report follows the publication of the Department of Labor report on weekly unemployment claims that showed an increase of 61,000 state claims from the previous week to 719,000. This marks more than one year of historically unprecedented numbers of new unemployment filings. In addition, there were 237,025 new claims filed under the Pandemic Unemployment Assistance program that provides assistance to contract and self-employed workers not covered by regular unemployment benefits.

In the face of the rising employment numbers, Federal Reserve Chairman Jerome Powell rushed to reassure markets that the cash spigot would be left open despite signs of an improving economy. The US central bank has been propping up equities markets through the purchase of $120 billion in bonds each month while keeping interest rates near zero. Were this flow of money to be stopped or even slow down, the inflated stock market would likely crash.

The precarious nature of the financial boom was illustrated earlier this week by the stock selloff around the collapse of investment firm Archegos Capital that resulted in massive losses for major banks. The degree to which the failure of even a relatively small firm could threaten to spark a panic in the markets testifies to the highly leveraged and unstable character of the world financial system, inflated by the infusion of ultra-cheap money.

In a sign of continuing social distress, food banks report no let-up in demand. According to a local news report, the Alameda County Food Bank in the San Francisco Bay Area is continuing to see high demand. In March 2020, at the start of the pandemic, the food bank distributed 3.2 million pounds of food. In March 2021, that number was 6.0 million. The food bank went from helping one in five residents of the county to rising over the course of the past year to one in four.

At the Mission Food Hub in San Francisco, donations are collected for farm workers. It has gone from distributing food to 300 families a year to over 9,000. "The pandemic has caused them to get COVID and they can't work. And when they can't work they get no money. They don't have savings and 401Ks," organizer Roberto Hernandez told KTVU News. "You have people who lost their jobs a year ago. And they won't be able to go back to those jobs because a lot of those businesses are gone."

According to a report released by the Georgia Food Bank Association, an additional 344,000 residents of the state have been forced into food insecurity since the start of the pandemic. The report said that 1.7 million people in the state face food insecurity, including 562,000 children.

Nationwide food bank network Feeding America projects that 1.4 million New York City residents will struggle to secure adequate food this year. Enrollment in food stamps had increased 12 percent to 1.66 million city residents as of January.

Food Bank for New York City, which distributes food through a network of 1,000 food banks and charities, has seen a 61 percent increase in demand over the prior year. Zac Hall, vice president of programs for the nonprofit, told the *Wall Street Journal*, “I don’t have a crystal ball, but I think the same level of response that we have today is going to at least be needed for the next couple of years.”