



Written by [Bob Adelman](#) on March 7, 2015

Latest Jobs Report Deceptive; Jobs Exported Overseas

The employment report from the Labor Department [on Friday](#) was hailed as more evidence that the worst from the Great Recession is now in the rear view mirror, and receding. The unemployment rate in February dropped to 5.5 percent, lower than economists were predicting, while job growth added nearly 300,000 jobs, pushing the streak of gains of 200,000-plus new jobs per month out to a full year, the longest such streak since 1995.



The news caused stocks to lose more than one percent of their value, as Wall Street expected the robust numbers to hasten the day when the Fed would increase interest rates, potentially slowing the sluggish economy even further. Investors needn't worry: Friday's report was a head-fake.

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If the recovery were real, wages would be increasing as employers competed in the marketplace to add new workers in order to handle increasing demand for their goods and services. Yet wages, after adjusting for inflation, were right where they were a year ago.

If the recovery were real, non-participants in the labor force — discouraged, working part-time, or staying in college to avoid the real world — would be coming out of the woodwork to take advantage of the new jobs the economy is creating. The participation rate stayed the same, with no change since last April, and down significantly from 10 years ago.

Put another way, if those not participating, or only working part-time because they can't find fulltime work, were counted, those new January jobs wouldn't be nearly as impressive.

And where are the jobs, anyway? The oil patch — mining and energy development — suffered a loss of 9,300 jobs, while the volatile "leisure and hospitality" sector added 66,000 jobs, with "professional and business services" creating 51,000 jobs. Both the healthcare sector and retailers added 32,000 jobs. Construction jobs increased by 29,000, while the so-called "public sector" — primarily governments — added 7,000 positions.

Manufacturers, however, added just 8,000 jobs — the smallest gain in more than a year. This is a singularly unimpressive performance in a recovering economy with almost 150 million people working.

Between February 2014 and last month, the Labor Department's numbers showed an increase in the number not in the labor force, from 92 million to almost 94 million, while those not working but wanting a job also increased, from 6 million to more than 6.5 million.

Employment among those most likely to be working — the "prime working group" between ages 25 and 54 — peaked at 84.4 percent in early 2000. That number has fallen ever since and now rests at 77.3 percent. The younger cohort has virtually given up looking for work altogether, with their participation rate down to barely 55 percent from more than 66 percent from 1998 to 2000. Patrick O'Keefe, director of economic research at CohnReznick, an accounting and advisory firm, put it clearly: "Fewer Americans have or are seeking jobs and that has long-term implications for the U.S. economy."



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Last month 8.7 million people actively looking for work could not find a job. Another 6.5 million want a job but have given up looking. And another 6.6 million want a full-time job but are working only part-time because that's all they can find. Which begs the question: Where have all the jobs gone?

Many of them have gone to foreign countries — a consequence of the regulatory and tax environments in the United States as well as so-called free trade agreements. Of course, the proponents of such agreements claim otherwise. For instance, in a 2013 *Time* magazine article entitled “Voters Won’t Like It, but We Have to Bring Back Free Trade,” Michael Schuman enthused that what he calls free trade — but isn’t, since genuine free trade would mean the absence of government involvement — “is beneficial for economies overall — boosting exports, enhancing efficiency and reducing prices for all consumers.”

Writing at OurFuture.org, Dave Johnson surveyed the results of *already-existing* trade agreements to show that these agreements have devastating rather than beneficial to the the American economy, despite the promises of Schuman and other proponents of the free trade agenda. Regarding the 1994 North American Free Trade Agreement, which was supposed to create jobs and increase prosperity, Johnson noted:

According to the Economic Policy Institute (EPI) briefing paper *Heading South: U.S.-Mexico trade and job displacement after NAFTA*, “As of 2010, U.S. trade deficits with Mexico totaling \$97.2 billion had displaced 682,900 U.S. jobs.” (That is net jobs, taking into account jobs gained.)”

When China became a member of the World Trade Organization in 2001, U.S. workers were again promised that this would create jobs and increase prosperity. Johnson summarized what happened instead:

In August, 2012 EPI estimated that the US lost 2.7 million jobs as a result of the U.S.-China trade deficit between 2001 and 2011, 2.1 million of them in manufacturing. Aside from job losses ... US wages fell due to the competition with cheap Chinese labor costing a typical household with two wage-earners around \$2,500 per year.

Johnson also pointed to the economic aftermath of the 2012 U.S.-Korea free trade agreement. “In the year after [this agreement] took effect, the U.S. trade deficit with South Korea increased by \$5.8 billion, costing more than 40,000 U.S. jobs,” Johnson quoted EPI saying.

Concluded Johnson: “These ‘free-trade’ deals increase unemployment [in the United States], drive down wages and harm the environment.”

These are the economic consequences of trade agreements sold as panaceas to Americans who just want a job. Yet this has not stopped the Obama administration and both Republican and Democratic supporters of the so-called free trade agreements in Congress from working for a new Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) while promising that — *you guessed it!* — the new agreements will create jobs and prosperity.

If the United States were to enter into these agreements, then more job losses can be expected in America’s future. And more deceptive jobs reports from the U.S. Department of Labor, making it appear that the jobs market is much better than it actually is, can also be expected.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics. He can be reached at badelman@thenewamerican.com.



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