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Four things the Obama camp failed to talk up in last week's rosy jobs report

By: M.D. Kittle – December 10, 2013

You nearly needed shades last week to stand in the bright sunshine of the **Obama** administration's glowing employment picture.

"With solid job growth in November – in addition to strong data on manufacturing activity and auto sales – it is clear that the recovery continues to gain traction," Jason Furman, chairman of the Council of Economic Advisers, summed up the situation in a White House news release Friday.

But while Furman and friends trumpeted the 203,000 non-farm jobs the U.S. economy added last month, higher than analysts expected, and news that the unemployment rate dropped three-tenths of a percent to 7 percent, some key points aren't contained in the back-patting release.

"While the administration is having this glowing report … it fails to recognize that the labor market is stuck in the mud, that people have given up on looking for a job or full-time work," said **Veronique de Rugy,** senior research fellow at the Mercatus Center at George Mason University.

Here's what the Obama PR team left out:

Meek by comparison

Yes, a 200,000-plus job month is good, by comparison. But it takes some 180,000 new jobs needed per month just to keep pace with population growth, de Rugy said. During the recovery of the early 2000s the economy was creating jobs at a clip of between 400,000 and 500,000 jobs per month.

De Rugy said the current post-recession U.S. economy looks more like a European-style of recovery, with weaker job-creation figures.

"It tells you how bad things have been the last five years that we are excited about these job numbers," the economic expert said.

The big 11 million-pound elephant in the room: All told, the federal Bureau of Labor Statistics counted some 10.9 people unemployed in November.

Giving up, getting out

As the Wall Street Journal points out, the jobless rate is down to 7 percent, the lowest level in six years, in large part because people are leaving the labor market, "removing themselves from the ranks of those who are counted as unemployed because they've stopped looking."

Between September and November the labor participation rate shrank from 63.2 percent to 63 percent. The rate has slid from a high of around 67 percent at the end of the 1990s.

In a key measure that many economists lean on, the employment-population ratio crept up in November but remained at just 58.6 percent. Simply put, the ratio measures how many working age people have jobs.

The number of underemployed workers continues to be a glaring problem in the recovery, according to de Rugy. Late this past summer, some 70 percent of all jobs created were part-time. While the number of “involuntary part-time” workers fell by 331,000 last month, their ranks still stood at about 7.7 million.

Promises, promises

So,whatever happened to those big hopes of a federal stimulus package cutting unemployment down to size?

Whether President Obama and his administration want to stand by it or not, the president did sell his American Recovery and Reinvestment Plan with a pitch – if not quite a promise – that the stimulus would break the back of unemployment and drive it down as low as 5.6 percent by mid-2012. The president’s advisers have since hedged that those estimates were “subject to significant margins of error” and “considerable uncertainty.”

But **Daniel J. Mitchell,** senior fellow at libertarian think tank the Cato Institute, said the uncertainty in part was caused by the administration’s “misguided policies,” such as the stimulus and the **Affordable Care Act.**

The latest jobs report points to the “resilience” of the U.S. economy. Mitchell agrees. But it’s an economy that has proved resilient in spite of the federal government. That resiliency comes with a cost.

“One of those costs is companies don’t hire as many people,” Mitchell said.

And just as the economy struggles for footing, Obama and Democrats are calling for a minimum wage hike, a push that Mitchell insists will cause more erosion in the recovery.

Now, that wasn’t so bad

Also not noted in the administration’s sunny jobs release is what many economic experts see as the empty rhetoric of doomsday predictions about the federal government shutdown and the sequestration.

Instead, the White House repeated its theme about the costs of the “disruptive government shutdown and debt limit brinkmanship” in October.

But the sky didn’t fall, de Rugy said. She pointed to the period after the shutdown of the mid-1990s, noting the same trends have surfaced this time around.

“While the economy shrinks during the time of the shutdown, there’s a catch-up right after,” the Mercatus Center fellow said. She added that sequestration finally signaled to the markets and the business community that the federal government was serious about cutting its expenses and at least beginning the move to rein in its bloated deficit.