

# June Jobs Report Falls Far Short Of Expectations

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The Labor Department's latest unemployment report is in, and it's bad. Only 18,000 jobs were added in June — not nearly as many as were expected. And the unemployment rate rose slightly, to 9.2 percent.

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STEVE INSKEEP, host:

OK, we're tracking several news stories throughout this morning and here's one. We get an update today from the Labor Department on the nation's employment picture. There is one thing we can say for sure about the job market right now. All this talk of cutting deficits and austerity measures has meant the government is the weakest sector for employment. NPR's Yuki Noguchi has this report.

YUKI NOGUCHI: The recovery, at least officially, began two years ago, in June 2009. Since then a lot of economists have focused on business hiring; namely, the fact that businesses aren't hiring in large enough numbers to make a dent in the unemployment problem. But there's another way to look at it.

Mr. JOSH BIVENS (Economic Policy Institute): Since June 2009, private sector's shown positive growth and it's the government that's been a big drag.

NOGUCHI: Josh Bivens is an economist at the Economic Policy Institute. He says since the recovery began, businesses have added about one million jobs. Government, meanwhile, has cut 430,000. Bivens says shrinking government is part of our new reality.

Mr. BIVENS: All the signs on the horizon state, local and federal levels -seems to be further cuts.

NOGUCHI: For states, the new fiscal year just kicked off earlier this month, and governments everywhere seem to favor cutting spending rather than raising taxes. The National Association of State Budget Officers says 15 states plan additional layoffs. Eleven plan to reduce salaries. Bivens says it's unusual for the government to lay off in the middle of a rebound.

Mr. BIVENS: So basically any recovery that actually lasted for 24 months, we've never seen public-sector employment down over the course of a two-year recovery before.

NOGUCHI: So what does that mean for this recovery?

Mr. BIVENS: I think the takeaway is it's just one more stiff headwind.

NOGUCHI: Government jobs make up a sixth of the overall workforce. Bivens says normally it would be growing with the rest of the economy. But now he's hard pressed to say where the jobs might eventually materialize.

Mr. BIVENS: I guess one reason why I'm such a pessimist is I can't identify that sector for you. I mean, I absolutely know it's not going to be housing or construction. You know, I'd like to say manufacturing, but I don't really think so. I mean, we've got - you know, lots of our big trading partners are kind of embracing

austerity right now.

NOGUCHI: Bivens says government spending creates a virtuous cycle in the jobs market. More spending would mean more consumer spending, which creates, in turn, more reasons for businesses to hire. But not everyone takes the view that the loss of government jobs is a negative for economic growth. Here's Chris Edwards, an economist with the CATO Institute.

Mr. CHRIS EDWARDS (CATO Institute): Government, in my view, is a takeaway from the private sector.

NOGUCHI: Edwards says this is because governments tax businesses in order to raise money to pay people in the public sector.

Mr. EDWARDS: When private sector jobs are created, you know it's efficient and good for the overall economy. So you know that it will expand the GDP. When government jobs are created, there's no market test there.

NOGUCHI: Government jobs were once synonymous with stable, virtually guaranteed lifetime employment. And this era of budget cutbacks will probably mean a permanent cultural shift in that way of thinking. John Challenger is CEO of the outplacement firm Challenger Gray & Christmas.

Mr. JOHN CHALLENGER (Challenger Gray & Christmas): Government jobs were safe for a long time, they were protected, but that's just no longer possible.

NOGUCHI: In fact, he says, people with corporate jobs right now are pretty safe. It's those with government jobs who face greater odds of getting a pink slip. And Christmas says these job losses will be very visible ones.

Mr. CHALLENGER: It is interesting. When we think about government cuts, you think of bureaucrats, you know, people sitting at desks where we just don't really need them. And yet the reality is, there's a lot of post office workers, mail deliverers, and policemen, firemen, teachers who are losing their jobs.

NOGUCHI: Christmas says the loss of government jobs may have another effect. It will change the gender imbalance among the unemployed.

Mr. CHALLENGER: Almost 60 percent of government workers are women, so they're now in a sector that's being hit much more heavily.

NOGUCHI: Christmas says the man-cession - so-called because male-dominated industries like construction and finance were hard hit - has ended. But the recovery will be much less kind to women.

Yuki Noguchi, NPR News, Washington.

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