



The Daily Dish

The Worst Good Jobs Report Ever

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It might seem like a long time ago, but this past Thursday the Department of Labor released the [employment report](#) for June. Observers have been on pins and needles awaiting some sign of clear direction for the economy, so the news of solid employment growth and low unemployment was received with unrestrained joy. A *New York Times* [report](#) typified the reaction:

American employers continued hiring at a steady clip in June, brushing aside concerns about the economy to notch another month of solid job creation. Payrolls grew by 147,000, the Labor Department reported on Thursday, and the unemployment rate fell slightly to 4.1 percent.

The healthy hiring reaffirmed that the economy was maintaining momentum despite economic headwinds, including President Trump's unpredictable tariff policy, global conflict, an immigration crackdown and high interest rates.

Eakinomics will now fulfill its mandate to make sure that no joy is unrestrained.

Let us start with the 147,000 new jobs. Of those, 47,000 were new state government employees (40,000 in education) and 23,000 were new local government employees. (Federal employment fell by 7,000.) Put differently, only 74,000 jobs were created by the private sector and 59,000 of those were in health care and social assistance. Bottom line: Private-sector job creation was at a standstill in the majority of the economy.

As a reflection of this, the index of aggregate payrolls – the combination of jobs, hours, and pay per hour – was dead flat. The supposed silver lining – average hourly earnings rising at a 2.7-percent rate – amounted to essentially no real wage growth.

Now, about that 4.1-percent unemployment rate. This 0.1-percent decline was due only to

the fact that 130,000 people left the labor force. In recent months, a cheap summary of the labor market is that nobody was getting fired, but nobody was getting hired. Now it seems that nobody is getting fired and nobody is even trying to get hired.

The June report is far from the worst report one could imagine. But it is far from a clean bill of health for the labor market.