



The Daily Dish

December Employment Report

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Eakinomics: December Employment Report

As widely [reported](#), the employment [report](#) for December released this past Friday was quite strong. The two most impressive numbers were the top-line jobs number – 312,000 new jobs – and the 11 cent rise in average hourly earnings. The latter is equivalent to an annual rate of 4.9 percent, which is great news and, perhaps, a bit overdue. But there has been a lot of discussion about the need for wage increases. I want to focus for a second on the importance of the pace of job growth.

With the December jobs, total employment (as measured by the Labor Department's [household survey](#)) rose by 1.9 percent in 2018. This is quite amazing because the population grew by only 1.2 percent and the recovery is so mature. Because the economy is fully recovered from the Great Recession, there are no longer ranks of unemployed workers to be hired and easily pad the monthly jobs numbers. Instead, the only source of new workers is the new workers entering the labor market. But the population grew only by 1.2 percent; how did employment manage to grow more than 50 percent faster (especially when the aging of the population would tend to push employment growth down further)?

Part of the explanation is the continued decline in the unemployment rate. But the really amazing story has been the ability of the economy to draw workers who had previously given up into the labor force and work.

In 2010, there were 2.3 million workers classified as “marginally attached” to the labor force. By 2016, this was down to 1.6 million — a decline of roughly 100,000 a year. By the end of 2018, the marginally attached had declined to 1.3 million. Establishing permanent relationships with work is extremely important because the route out of poverty is economic self-sufficiency.

There is even a more dramatic change among those workers classified as discouraged workers. In 2010, there were 1.1 million such workers economically worn out by the ravages of the Great Recession. In 2016, they were still 1.1 million. In 2017, there were STILL 1.1 million. In 2018, the number plummeted to 424,000. Rewarding those who want to work is an essential part of the social contract that the economy is now fulfilling.

The press and politicians often celebrate “jobs.” And more jobs are, indeed, better than fewer. But in 2018, the most important thing was who got a job.