



U6 Fix

Best Report in Memory....but Memories are Short

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All the positive near-term news added up to the most solid jobs report in some time. Payroll jobs rose by 200,000 and the unemployment rate dropped sharply from 7.3 percent to 7.0 percent. Unlike most recent reports, however, the remainder of the report was comparably strong.

Unemployment fell even though the labor force participation rate rose (by 0.2 percent), the labor force grew by 455,000. Remarkably, the household survey showed over 800,000 new jobs — the highest in 3 decades.

Inside the report, hours of work grew, hourly earnings grew, and payrolls grew — all solidly. These foundations of income growth are crucial and the growth is welcome. In contrast to past reports, part-time work for economic reasons declined.

The Hispanic unemployment rate fell from 9.1 percent to 8.7 percent.

Data Junkies here's your fix: the November U-6 (the broadest measure of unemployment) fell sharply from 13.8 to 13.2 percent.

All good news.

Now come the concerns. The unemployed are increasingly the long-term unemployed — the hardest policy problem to solve. In addition, memories are short — 200,000 jobs should not be a cause for celebration. At this pace, it will take another 19 months to get the unemployment rate down from 7.0 to 6.0 percent.

The bottom line: The November jobs report was solid from stem to stern. That is good news. Now comes the hard part — getting the pace of growth up to historic norms and putting the long-term unemployed back to work.