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Jobs, Jobs, Jobs

By PAUL KRUGMAN

Last Friday the Bureau of Labor Statistics delivered yet another disappointing employment report.

Since there's a lot of confusion on this subject, let's talk about the numbers. The bureau actually produces two estimates of employment, one based on a survey that asks each employer in a random sample how many workers are on its payroll, the other on a survey that asks each household in a random sample how many of its members are employed. Most experts regard the employer survey as more reliable; even in the midst of the recovery, that survey has contained nothing but bad news. The household numbers look better, but not particularly good.

For technical reasons involving seasonal adjustment, many economists expected the January report to show a one-time bounce in both measures. Yet employment as measured by the payroll survey rose by only 112,000 — well short of the increase needed just to keep up with a growing population. If employment were rising as rapidly as it did when the economy was emerging from the 1990-1991 recession, we'd be seeing monthly numbers more like 275,000.

Taking a longer view, the payroll numbers tell a dismal story. Since the recovery officially began in November 2001, employment has actually fallen by half a percent, while the working-age population has increased about 2.4 percent. By this measure, jobs are becoming ever scarcer.

The household survey, on which the official unemployment rate is based, tells a less dismal but far from happy story. (Why the discrepancy? We don't know.) The number of people who say they have jobs has risen since the recovery began — but has still lagged behind population growth.

The only seemingly favorable statistic is the unemployment rate, which has recently fallen to 5.6 percent, the same as in November 2001. But how is that possible, when employment has grown more slowly than the population, or even declined? The answer is that people aren't counted as unemployed unless they're looking for work, and a growing fraction of the population isn't even looking. It's hard to see how this is good news.

Other indicators continue to suggest a grim job picture. In the last three months, more than 40 percent of the unemployed have been out of work more than 15 weeks. That's the worst number since 1983, and a sign that jobs remain very hard to find — which is what anyone who has lost a job will tell you.

One last statistic — not about jobs, but about wages. Since the last quarter of 2001, real G.D.P. has risen 7.2 percent. But wage and salary income, after adjusting for inflation, is up only 0.6 percent. This matches what the employer survey is telling us: America's workers have seen very little benefit from this recovery.
In the light of these dreary statistics, President Bush's recent cheerfulness seems almost surreal. On Friday, he said that he was "pleased, obviously, with the new job growth." When Tim Russert asked in the "Meet the Press" interview what happened to all the jobs that Mr. Bush promised his tax cuts would create, he replied: "It's happening. And there is good momentum when it comes to the creation of new jobs."

We expect politicians to place a positive spin on economic news, but to insist that things are going great when many people have personal experience to the contrary seems foolish. Mr. Bush's father lost the 1992 election in large part because he was perceived as being out of touch with the difficulties faced by ordinary Americans. Why is Mr. Bush — whose poll numbers are a bit worse than his father's were at this point in 1992 — running the risk of repeating his experience?

The answer, I think, is that the younger Mr. Bush has no choice. He has literally gone for broke, with repeated tax cuts that have fed a $500 billion deficit. To justify policies that more and more people call irresponsible, he must claim that wonderful things are happening as a result.

For a while, that famous 8 percent growth rate seemed to be just what he needed. But in the fourth quarter, growth dropped to 4 percent. And as we've seen, the jobs still aren't there.

So Mr. Bush must put on a brave face. He and his officials must talk up weak economic statistics as if they represented stunning success, and predict marvelous things any day now. After all, they have to keep this up for only nine more months.