

# U.S. economy added 531,000 jobs in October as hiring swelled again

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## FULL TEXT

The nation added 531,000 jobs in October, a strong month of growth that showed an economy gaining new momentum in the final months of the year after being slowed by the coronavirus's surge in the late summer. The unemployment rate dropped, too, to 4.6 percent from 4.8 percent. It is still up from its pre-pandemic low of 3.5 percent in February 2020 but down significantly from January of this year, when it was at 6.3 percent.

The new surge in hiring comes amid a spate of other strong economic news. The major U.S. stock indexes have climbed to record levels. The number of new coronavirus cases has fallen markedly in recent weeks, leading to more optimism among businesses and households. This is helping push wages higher, another trend that reflects a growing sense of optimism about the direction of the economy.

However, many businesses and households remain concerned that inflation and supply chain problems will persist into next year, creating some uncertainty related to the pandemic.

"Another great day for our recovery: America's getting back to work," President Biden told reporters. "Our economy is starting to work for more Americans thanks to the economic plan we put through in Congress earlier this year. And a successful vaccine deployment."

The growth in October came after worrying signs from September, when it appeared that problems reopening schools and child-care centers would wreak major havoc on millions of households. Some economists had become worried that the labor market's recovery might become too uneven, particularly as many workplaces remain impacted by closures or uncertain hours.

But some 251,000 women over 20 reentered the labor force in October, and 138,000 took jobs after an outflow the month before, a very positive sign.

And the overall snapshot of the labor market is starting to look better: After shedding more than 20 million jobs in March and April of 2020, the U.S. economy has regained all but 4 million of them. The number of job openings remain near record highs, and scores of people are returning to work, with the country averaging roughly 580,000 new jobs added per month this year.

"It's a strong jobs number for the month and changed the picture of the recent understanding of the labor market," said Aaron Sojourner, a labor economist at the University of Minnesota. "The previous reports had seemed so low, but actually growth has been steadier than we understood. It's progress and indicates the labor market is recovering at a better pace than we knew."

Hiring growth was widespread in October. Leisure and hospitality gained 164,000 jobs, as restaurants continued to staff up amid the decrease in coronavirus cases. Professional and business services added 100,000 jobs, manufacturing added 60,000, construction 44,000, health care 37,000, and transportation and warehousing 54,000. Still, many wounds of the economic downturn remain and fresh challenges have emerged, with inflation and supply chain woes still weighing on the recovery.

Employment in many sectors remains below where it was in February 2020. Many of the industries that saw growth are still below pre-pandemic levels according to seasonally adjusted labor data. Those industries include

leisure and hospitality, (down 1.3 million jobs, including 759,000 people at restaurants and bars), government (-821,000 jobs), health care (-476,000), manufacturing (-328,000), professional and business services (-305,000), retail (-200,000), and construction (-136,000).

Another source of concern is the labor force participation rate –the amount of people working or actively looking for jobs. That figure has seen little improvement in the last year, after the partial recovery it made from the steep drop early on in the pandemic petered out last year. At 61.6 percent now, it's at the same level it was in October 2020.

While women enjoyed some modest gains in participation for the month, other demographic groups saw slight declines, including men, Black workers, and Latino men.

"Initially we thought it would be the end of unemployment insurance with 25 states ending those over the summer, but we really didn't see an increase in participation," said Veronica Clark, an economist at Citi. "It's child-care issues. It's delta. It's almost like we keep making up stories why the participation rate isn't coming back. But it could be something more structural."

That number, which also fell steeply in the wake of the Great Recession and never recovered, remains a stubborn challenge for policymakers and central bankers.

The labor market's evolution in the past 18 months has been striking. Job reports for the previous two months, which had come in below estimates after the delta surge had shaken the confidence of many businesses, were revised upward to 483,000 for August and 312,000 for September.

Average hourly earnings were up again, too, by 11 cents an hour to \$30.96. Overall, they are up 4.9 percent in the last 12 months.

October hiring moved faster as tolls from the delta variant eased and new unemployment claims have fallen every week for more than a month, down to a pandemic low of 269,000.

Economists have long said the public health crisis is the most major impediment to the recovery. The pandemic in recent months has taken a heavy toll on parents, particularly mothers, many of whom dropped out of the workforce to care for their families.

Anecdotally, some business owners said they've been able to make more progress in hiring in the last six weeks. Business surveys, such as IHS Markit's purchasing managers' index, show that service sector employers –the largest portion of the economy by far –are increasing workforce numbers at the quickest rate since June, when the country added nearly 1 million workers to the payrolls.

And consumer confidence, the engine of the U.S. economy, reversed a months-long slide in October to mark higher numbers, according to the Conference Board's monthly survey. Consumers were also the most optimistic about their own prospects to find jobs since 2000, the survey found.

A new report from the Brookings Institution argues that reopening schools won't be enough to resolve recent gender disparities in the labor market. Women are overrepresented in some of the sectors that have been the most hard hit by the pandemic, and some may decide not to go back into work for other reasons, the authors argue.

"As schools have started up with a universal return to in-person education, we may see a rise in the labor force participation rates of women with young children," the authors, Stephanie Aaronson and Francisca Alba wrote.

"That said, the outbreaks of covid-19 may discourage some mothers from returning to work, particularly those with unvaccinated children at home. Moreover, the quarantining that has occurred at some schools has generated considerable uncertainty, which itself may be a drag on women's return to work."

## DETAILS

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