US job growth at a standstill

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The US Labor Department's jobless report for February revealed that almost no new jobs had been produced during the month. The official jobless rate held steady at 5.6 percent, but it failed to rise only because of a sizable contraction in the active labor force, as hundreds of thousands lost hope of finding a job.

US payrolls grew by a mere 21,000, far less than the 125,000 increase predicted by economic forecasters. The small gain in jobs was entirely accounted for by government hiring, as private-sector job growth came to a complete halt for the first time since last September.

The growth in temporary jobs—32,000—overshadowed the national job gain total. The temporary job sector has grown more rapidly than any other, by 10.2 percent, since the official end of the recession in November 2001.

Manufacturing jobs fell for the 43rd consecutive month, by 3,000; the manufacturing sector has lost 3.3 million jobs since early 1998.

In addition to the official total of 8.2 million unemployed, there were 4.8 million involuntary part-time workers in the last quarter of 2003, equivalent to some 3.3 percent of the work force. The average length of joblessness rose to 20.3 weeks, the highest since 1984.

The Labor Department also revised downward its report of job gains for January, from 112,000 to 97,000.

"Lackluster," "paltry," "anemic," "surprisingly weak"—analysts used such adjectives to describe the Labor Department's Bureau of Labor Statistics (BLS) report on February employment. Even the 125,000 jobs increase predicted by economists would have fallen short of the 150,000 needed to keep pace with the normal growth of the labor force. Over the past three months, job growth has slowed, averaging 42,000 a month, down from the 79,000 average of the prior three months.

The economy would need to generate 200,000 jobs a month over the course of a year to return the labor market to its pre-March 2001 condition. More than 2.3 million jobs have been shed since that time, and more than 700,000 since the officially declared end of the recession.

To meet the Bush administration promise to create 2.6 million jobs this year, 300,000 jobs a month would have to be added. Government officials have begun to distance themselves from that unrealizable figure.

"This is a terribly disappointing report," Joel Naroff of Naroff Economic Advisors told Reuters, "The economy clearly needs to see better job growth to support consumer spending." Chris Low, of FTN Financial, termed the February BLS survey an "unambiguously ugly report." Sung Won Sohn, chief economist at Wells Fargo, commented, "This is a terrible number. The economic recovery is almost three years old, and the economy should be producing 200,000 to 300,000 jobs per month."

Bill Cheney, chief economist at John Hancock, told CNNMoney, "Businesses seem to be doing everything they can to increase profits without increasing hiring. Unfortunately for the labor market, they appear to be quite successful."

The figure of 21,000 jobs created and the official unemployment rate of 5.6 percent, dismal as they are, only tell a portion of the story. The most revealing statistic is the drop in the worker participation rate. The total number of those in the labor force fell "steeply" last month, according to the Economic Policy Institute (EPI), by 392,000, "presumably due to the lack of available jobs."

The EPI reports that since last July, during the recent so-called recovery, "the labor force has contracted in six out of eight months, and last month's participation rate of 65.9 percent was the lowest since September

1988. This rate is down 1.2 percentage points since the recession began in March 2001, with one-third of that decline occurring over the recovery.” None of the last four economic recoveries exhibited such a decline.

The number of African-Americans and Hispanics (African-American men, in particular) dropping out of the workforce was especially marked. Significantly, the labor participation of the more highly educated has also fallen, to its lowest level since the BLS began publishing figures ten years ago.

Since the recession began in March 2001, the labor force has contracted by 1.2 percent. Some 2.8 million workers have either dropped out of the workforce or never entered it. If the official unemployment rate took this group into account, it would immediately jump to 7.4 percent.

The continuing disappearance of decent-paying jobs has inevitably been accompanied by a further lowering of living standards for millions of workers. February figures reveal that the annual growth rate of wages slowed to a mere 1.6 percent, which ties the lowest annual rate on record (recorded in December 1986), going back to 1964.

A telling and potentially explosive social indicator is the decline in the percentage of teenagers holding jobs. The *Boston Globe* reports, “According to a new study by Andrew Sum, a professor at Northeastern’s Center for Labor Market Studies, the percentage of 16- to 19-year-olds holding jobs nationally is the lowest it has been since the government began tracking statistics in 1948.

“In 2000, at the peak of the last economic boom, 45 percent of the group was working. Today less than 37 percent of 16- to 19-year-olds are employed. In Massachusetts, the percentage of employed teenagers has dropped from 48 percent to 39 percent. Sum found similarly steep declines across the country.

“For middle-class youth, having no job may mean there is less money for clothes and cars. For poor teenagers, the deprivation is more severe.”

Companies or institutions recently announcing job cuts include:

***Boise Cascade—**The paper company will shut 45 stores at its recently-acquired OfficeMax unit, affecting 1,100 jobs

***Warner Music—**Recently purchased by Edgar Bronfman Jr, the company will lay off about 1,000 people

***Delphi Corp**.—The auto parts giant is cutting 150 jobs as it shifts jobs overseas

***Nokia**—The cell phone producer will lay off 50 engineers in Texas, as it centralizes its research and development in the UK and India

***Ford Motor Co**.—The auto firm closed its Edison, New Jersey plant, resulting in job losses for 400 workers (500 others are either retiring or being transferred)

***Coca-Cola—**The beverage giant laid off 3,700 employees in 2003, while paying $8.4 million in bonuses to its top six executives, $2,300 for each of the cut workers

***Lear—**The auto seat and electrical systems manufacturer announced that it may cut 400-700 workers from two plants in western Michigan

***Amerock—**The cabinet and window hardware manufacturer announced plans to lay off 450 workers in Rockford, Illinois and outsource the work overseas

***Western Missouri Mental Health Center—**The Kansas City mental health center is planning to cut 110 staff positions

***University of California Santa Cruz—**UC Santa Cruz will eliminate 75 staff members this fall as the school attempts to cope with an expected $17 million budget cut from the state.