US economy remains devastated despite improved jobs figures

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The US economy lost fewer jobs in November than in any other month since the recession began, according to the latest jobs report from the Labor Department. But overall economic conditions continue to worsen for the majority of the population, with wages falling and no return to normal job conditions in sight.

The Labor Department said the economy lost 11,000 jobs last month, nearly one tenth the amount that was lost in October. The department also said that the unemployment rate, which is calculated using a different measure, fell to 10.0 percent, down from 10.2 percent in October. The last time the US economy added jobs was in December 2007. About 100,000 jobs need to be added per month to keep up with new entrants into the labor force.

The Obama administration will no doubt use the better-than-expected employment report to strengthen its claims that there should be no major government initiative to create jobs. At the "job summit" held Thursday at the White House, Obama said that "ultimately true economic recovery is only going to come from the private sector."

Job declines in the construction, manufacturing, and information sectors were offset by a sizable increase in temporary hiring. The construction sector lost 27,000 jobs last month, while IT lost 17,000 and manufacturing lost 41,000 jobs. The country has lost some 2.1 million manufacturing jobs over the past two years, with the vast majority coming in durable goods manufacturing.

Economists were quick to warn against drawing overly optimistic conclusions from the news. "It is like a patient after having collapsed with a heart attack sitting up and taking a breath—nothing more than that," Allen L. Sinai, the founder of the research firm Decision Economics, told the *New York Times*.

Sinai continued, "Things are getting better, but a one-month respite, frankly, means nothing in the context of the worst labor market ever seen since the 1930s."

Earlier this week, Paul Krugman of the *Times* noted, "The chances of a relapse into recession seem to be rising," citing the fact that the impact of the stimulus measures taken by the Obama administration, including the "cash for clunkers" program, is likely to fade. He added that "the rise in manufacturing production is to a large extent an inventory bounce—and this, too, will fade out in the quarters ahead."

Even by the relatively optimistic predictions of the Federal Reserve, the unemployment rate will remain at 8 percent, nearly double its 2000 level, two years from now. By 2012, the Fed expects the unemployment rate to be no less than 7 percent.

Many economists expect even worse conditions. David Rosenberg, chief economist for Canadian wealth management firm Gluskin Sheff, told the Associated Press that the unemployment rate is likely to peak at 12 percent, claiming that economists who say that the unemployment rate will not go much higher are "borderline delusional."

While most figures in the employment report showed a moderate improvement, the prospects for the long-term unemployed worsened significantly. The number of people who have been unemployed for 27 weeks or more grew by 293,000 to 5.9 million. Meanwhile, the percentage of unemployed people who have been out of work that long grew by 2.7 percentage points to 38.3 percent.

The number of unemployed reached 15.4 million last month, more than double the number in December 2007. This figure is much larger than the population of Greece, Cuba, Belgium, or Portugal.

Earlier this week, the Labor Department released its

October metropolitan unemployment rate survey, showing that jobless rates increased in every metropolitan area in the US. There were 15 areas where the unemployment rate was at least 15 percent, with El Centro, California registering 30 percent out of work.

Certain groups are disproportionately affected by the high jobless rates: 26 percent of teenagers looking for work are unemployed, as are 15.6 percent of blacks and 12.7 percent of Hispanics. Another 2.4 million people would like to work, but have given up looking.

Average hourly earnings increased by .01 percent in November, reaching $18.74. In the past year, average hourly earnings grew by 2.2 percent, while average weekly earnings (which are affected by reduced hours) grew by 1.6 percent. But these gains have been offset by rising prices, which grew by 2.8 percent over the past 10 months. In real terms, average weekly wages have fallen by about 1 percent over the past year.

As a direct result of falling wages, productivity grew by 8.1 percent in the third quarter, the highest level in six years, according to figures recently updated by the Labor Department.

These wage figures hint at the broader process at work behind the latest unemployment report. Whatever high level the unemployment rate eventually reaches, the fundamental fact is that the US ruling class is using joblessness to drive down workers' wages and do away with benefits.

American companies, under pressure of the crisis and the necessity of cutting costs to stay in business, have found ways to permanently eliminate positions. The health and retirement plans that companies have cut will not come back, nor will wages rise at any point in the near future.