

US payrolls shrank by 36,000 in February

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The Labor Department's employment report for February, released Friday, showed that the US economy is continuing to shed jobs, wages are continuing to decline, and the so-called economic "recovery" is based on an accelerating fall in the living standards of the working class.

The Obama administration hailed the report, which showed a less-than-expected net job loss of 36,000 and no rise from January's official jobless rate of 9.7 percent, as a positive sign of a "stabilizing" labor market and a vindication of its economic policies. For the most part, the media similarly cast the report as a confirmation that the economy is improving.

This only highlights the chasm separating the political and corporate establishment from the vast majority of the American people. The report not only registered the 25th monthly decline in net jobs in the last 26 months, it showed an overall increase in the number of people counted officially as unemployed to 14.9 million, including 6.1 million who have been without a job for more than six months.

What is called the "underemployment rate," which includes those who have given up looking for work and those involuntarily working part-time, shot up to 16.8 percent from 16.5 percent in January. Even this figure underestimates the devastating impact of the economic crisis. Many of the new jobs being created pay less than the jobs that have been lost and many are part-time.

The number of those working part-time because they cannot get a full-time job or because their hours have been slashed rose in February by half a million, to 8.8 million from 8.3 million in January. A separate report released by the Labor Department Thursday on productivity and labor costs provided a statistical reflection of the way in which mass unemployment is being used to extract more production from those who have a job for the same or lower wages—and

consequently higher profits for big business.

The Labor Department revised upward its gauge of productivity growth for the fourth quarter of 2009 from an annual rate of 6.2 percent to 6.9 percent. Unit labor costs, it said, fell 5.9 percent, as compared to its original estimate of 4.4 percent, and inflation-adjusted hourly wages fell by 2.8 percent from the prior quarter. These figures document a sharp rise in the intensity of the exploitation of the labor force.

President Obama touted the jobs figures as "better than expected." He went on to call the jobless rate "more than we should tolerate," but signaled that he remained opposed to any government jobs program, saying, "We've got to do everything we can to help the private sector create jobs."

This means, in practice, providing more tax cuts for business in the guise of a "jobs program." On Thursday, the Democratic-controlled House of Representatives passed one such measure, similar to a bill passed earlier by the Democratic-led Senate, which would give \$15 billion in tax credits to companies that hire unemployed workers. Even business groups dismissed this derisory measure, saying it would do little to drive down the jobless rate.

Christina Romer, who chairs the White House Council of Economic Advisers, said Friday's jobs report "is consistent with the pattern of stabilization and gradual labor market healing we have been seeing in recent months."

Senate Majority Leader Harry Reid, Democrat from Nevada, was even more effusive. Speaking from the floor of the Senate, he said, "Today is a big day in America. Only 36,000 people lost their jobs today, which is really good."

On income, the employment report for February showed a further fall in average weekly earnings of 0.4 percent. Over the past 12 months, average hourly earnings, adjusted for inflation, are down 0.8 percent.

The average work week declined 0.1 hour, to 33.8 hours.

The steepest job losses were in construction, which lost 64,000 positions. Local governments cut 31,000 jobs, a reflection of the budget cuts being carried out across the country. The financial industry cut 10,000 jobs. Factories eked out a net gain of 1,000 jobs, largely on the basis of reduced wages and intensified speedup.

The federal government added 7,000 jobs, in part due to the hiring of part-time census workers. The biggest increase by far was in temporary employment, which rose by 48,000.

Many analysts claim that the report would have shown a net increase in jobs were it not for severe snow storms that hit the East Coast in February. However, economists estimate at least 100,000 new jobs have to be generated each month just to keep pace with new entrants into the labor force. Even the rosier prognoses, such as those of the Obama administration, project official unemployment above 9 percent for the remainder of the year. Bloomberg News reports that economists it has surveyed predict that the jobless rate will average 9.8 percent this year and end the year at 9.5 percent.

This means increasing poverty and desperation for millions of Americans. One barometer of the social crisis is a report released earlier this week by the American Bankruptcy Institute showing that consumer bankruptcy filings surged 14 percent in February, compared to a year earlier. February filings also increased by 9 percent from the previous month.

Bankruptcy filings in 2009 were up 32 percent from the previous year, hitting 1.47 million. They are expected to top 1.5 million this year.

Other economic data released this week similarly point to a protracted slump. The National Association of Realtors on Thursday reported that pending home sales unexpectedly dropped sharply in January, contracting by 7.6 percent from the previous month. Last week the Commerce Department reported that sales of newly-built homes fell in January by 11.2 percent from December to the lowest total in almost 50 years.

With the Federal Reserve poised to end its purchase of hundreds of billions of dollars in mortgage-backed securities at the end of the month, the prospects for a lasting stabilization or improvement in the housing

market are remote. Home sales and prices are likely to resume their downward spiral, further depleting the wealth of ordinary Americans.



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