US jobs report for December: No relief from mass unemployment

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The US unemployment rate fell to 9.4 percent in December from 9.8 percent in November, the Labor Department reported Friday. But while some government officials and financial analysts tried to put a positive spin on the numbers, the real news was the dismal number of jobs created and the decline in the workforce, as discouraged workers dropped out of the labor market.

The private sector added only 113,000 jobs to payrolls in December, while the government continued to shed staff, cutting 10,000 workers. The numbers came as somewhat of a shock, as just two days earlier the payroll processing firm ADP had indicated in its monthly survey that December private employment had risen by 297,000.

The number of so-called discouraged workers rose to 1.3 million in December, with about 260,000 adults dropping out of the labor market, bringing the overall participation rate in the US labor force to a new recession low of 64.3 percent. Of the 14.5 million people counted as unemployed in December by the Labor Department, 44.3 percent had been without work for 27 weeks or more.

The Labor Department's jobless rate comes from a household survey and includes only those workers actively seeking employment, not workers who have given up their job searches. It is estimated that about half of the decrease in December unemployment figures came from people dropping out of the labor force.

The alternative U6 jobless count, also compiled by the Labor Department's Bureau of Labor Statistics, includes discouraged workers as well as those forced to accept part-time employment. This measurement fell to 16.7 percent last month from 17 percent in December.

CNNMoney.com quoted John Silva, chief economist at Wells Fargo, as saying, "A lower unemployment rate is a mixed blessing. Yes, we are getting more people employed, but we appear to be losing people into the woodwork—not a good sign long-term."

Some 8.5 million jobs have been lost since the beginning of the recession. The economy needs to create 125,000 to 150,000 jobs a month just to keep up with the natural growth in the working population, so the net total of 113,000 jobs added in December indicates continuing levels of unemployment at rates not seen since the 1930s. According to the Bureau of Labor Statistics, the economy gained back only 700,000 jobs in 2010 after not adding any in 2009.

In a statement on the December jobless report, the Center on Budget and Policy Priorities estimated that the rate of job growth "would have to roughly *triple* between now and the end of 2015 just to restore labor market conditions—*five years from now*—to what they were at the start of the recession (roughly a 5 percent unemployment rate and higher labor force participation)."

Businesses that laid off workers in the course of the recession are doing very little new hiring. Wells Fargo's Silva said, "It's not like the 1960s and 1970s, when there were temporary layoffs and the workers were called back. These are not temporary layoffs. We have permanent layoffs, and that makes the job situation far more difficult."

Austan Goolsbee, who chairs President Obama's Council of Economic Advisers, called the December figures "encouraging," adding that the administration would "continue to focus on actions that the president has recommended to increase growth and job-creation, such as providing incentives to encourage businesses to invest here at home, investing in education and infrastructure, and promoting exports abroad."

Touring the Creek Manufacturing Company in Landover, Maryland on Friday, Obama said, "We know these numbers can bounce around month to month, but the trend is clear: We saw 12 straight months of private-sector job growth. That's the first time that's been true since 2006."

The truth is that the Obama administration has provided no serious help to the millions of US jobless, rejecting out of hand any significant public works program or other form of government hiring. This contrasts sharply with his efforts to protect he wealth of the financial elite, including using trillions of tax dollars to bail out the banks and cutting a deal with the Republicans to extend the Bush-era tax cuts for the rich. Meanwhile, the minimal stimulus funds, including subsidies to deficit-ridden state and local governments, are drying up.

Federal Reserve Board Chairman Ben Bernanke offered a more sober assessment of the economic situation in an appearance Friday before the Senate Budget Committee. Questioned about the 103,000 net jobs gained in December, he said that if the pace of hiring did not increase "we're not going to see sustained declines in the unemployment rate."

The Fed chairman added that the jobless rate is likely to stand at around 8 percent two years from now. He also said that spending cuts would mean more layoffs by state and local governments, and warned that a growth in foreclosures in a depressed housing market could further depress home prices.

A report issued by the Labor Department earlier in the week showed that the unemployment rate rose in November in two-thirds of the largest US metropolitan areas. The jobless rate rose in 258 of the 372 largest cities, while falling in 88 and remaining the same in 26.

The report showed that the weak housing market was leading to increased job losses in states such as California, Nevada, Florida and Georgia. Las Vegas, Atlanta, San Francisco and Miami all have seen a rise in their jobless rates as construction jobs dry up and real estate and mortgage broker positions disappear.

The state of Michigan had a seasonally adjusted jobless rate for November of 12.4 percent, tied for second-highest with California, behind first-place Nevada. However, Tuesday's Labor Department report showed that 14 metropolitan areas in the state reported lower unemployment rates in November, mainly due to people abandoning their job searches.

Of these 14 Michigan metropolitan areas, 13 had fewer people employed or looking for work. While the Detroit area saw its official jobless rate fall from 13.3 percent in October to 12 percent in November, its workforce dropped by 36,500, or 1.7 percent. Sophie Koropeckyj of Moody's Analytics told the Associated Press, "That is not a good sign. It means that people are giving up and could be leaving the state."

Despite the slight dip in Michigan's official jobless rate, the state's unemployment offices have been overwhelmed in recent weeks. The *Daily Tribune* of Southeastern Oakland County reported the case of a West Bloomfield man, Thomas Topper, 74, who receives $213 in jobless benefits every two weeks after being laid off a year ago from his school custodian job, which he took after working 43 years in the food industry business.

When Topper did not receive his second December check, he called Michigan's Automated Response Voice Interactive Network (MARVIN) for four days last week and three days this week before he was able to get through to a human being and straighten out the problem.

The new year has already seen a steady stream of job-cut announcements across the country. The following is just a sampling:

• Fluor, a maintenance contractor for AK Steel in Rockport, Indiana, announced Friday that it was laying off 132 workers.

• 350 AT&T workers in Michigan, including 110 in the Grand Rapids area, were told their jobs were in danger due to automation and technological changes at the telecom giant.

• Fairchild Semiconductor in South Portland, Maine, which produces silicon chips for cell phones and other electronic devices, will be cutting 120 jobs over the next nine months.

• The Faurecia plant in Dexter, Missouri will be cutting its 1,042 workers down to about 500 by September. The French-based company makes exhaust systems for the auto industry.

• Space shuttle contractor United Space Alliance laid off about 150 employees at the Kennedy Space Center, effective Friday. The layoffs are the first of potentially thousands as the Houston-based company prepares for the end of the shuttle missions.

• Waltham, Mass.-based NeuroMetrix, maker of equipment to measure nerve conduction, is disbanding its direct sales operation and laying off 27 percent of its workforce.

• Effective January 14, Detroit Public Schools plans to lay off 88 of 175 bus attendants who assist special education and disabled students. Of the 15,000 special education students enrolled in Detroit schools, half of them are transported by bus. The layoffs will leave about 27 of 114 bus routes without an attendant.