US payroll growth slowed to four-month low in January

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The US Labor Department reported Friday that non-farm payrolls grew by a paltry 36,000 in January, far less than the 145,000 increase projected by economists. The net increase in jobs was well below the already inadequate 121,000 recorded in December.

The US economy must generate 150,000 jobs a month just to keep pace with the normal growth in the labor force, and it must create double that amount to seriously lower the level of unemployment.

The dismal jobs report gives the lie to the mounting media propaganda about the supposed quickening of economic "recovery." Corporations, banks and the rich are doing better than ever, but the broad masses of the people continue to face the most dire economic conditions since the Great Depression, and there is little prospect of a significant change for the better.

This did not prevent the White House from attempting to put a positive spin on the report. Austan Goolsbee, chairman of Obama's Council of Economic Advisers, posted a statement boasting that "1.1 million jobs were added during 2010, the strongest private sector job growth since 2006." He continued: "The overall trend of economic data in recent months has been encouraging, as initiatives put in place by this administration are taking hold, but there is still considerable work to do."

Oozing the complacency and indifference that are hallmarks of the Obama administration, Goolsbee went on to brag that private sector employment "has now grown for eleven consecutive months." He neglected to note that the rate of increase has been far lower than in any previous post-war recession, and that a mere 900,000 new jobs were created last year in an economy that has lost 8.7 million jobs since the recession began just over three years ago.

"The overall trajectory of the economy has improved dramatically over the past two years, but there will be bumps in the road ahead," he said.

Federal Reserve Board Chairman Ben Bernanke gave a more somber prognosis in a speech Friday at the National Press Club in Washington, DC, saying, "It will be several years before the unemployment rate has returned to a more normal level." By "more normal," Bernanke is said to mean below 8 percent.

While the payroll report was markedly worse than in recent months, the official unemployment rate for January dropped sharply to 9.0 percent from 9.4 percent in December. This anomaly is partly explained by the fact that the Labor Department's figures on job-creation and its official unemployment rate are based on separate surveys—the first on a survey of employers and the second on a household survey.

Some economists claimed that the January report was statistically skewed by the impact of major snowstorms during the month. In any event, the drop in the official jobless rate, which excludes those who have given up looking for work, was in large measure due to the growing number of long-term unemployed and "discouraged" workers who are dropping out of the labor market.

The British *Guardian* newspaper quoted Rob Carnell of ING as saying, "One might be tempted to read something positive also from the fall in the unemployment rate from 9.4 percent to 9 percent. But… most of this fall in the unemployment rate was the result of a further 507,000 decline in the civilian labor force, which contributed most of the 622,000 decline in 'unemployment' this month. Moreover, adding to the sense that all is not entirely well with the US labor force, the average duration of unemployment continues to drift higher."

The Labor Department counted 13.9 million people as unemployed in January, down somewhat from the 14.5 million figure for December. The underemployment rate—which includes part-time workers who would prefer a full-time position and people who want work but have given up looking—decreased to 16.1 percent from 16.7 percent. This encompasses some 25 million people. The number of people unemployed for 27 weeks or more decreased as a percentage of all jobless, to 43.8 percent from 44.3 percent.

These figures, as devastating as they are, obscure the real depth of the jobs crisis. The Economic Policy Institute (EPI), a liberal Washington think tank, pointed out Friday that the US labor market started 2011 with half a million fewer jobs than it had 11 years ago, in January 2000.

It noted that the labor force participation rate in January was 64.2 percent, the lowest point of the recession.

It wrote further: “The pool of missing workers, that is, workers who dropped out of (or didn’t enter) the labor force during the downturn, numbers 4.9 million. If just half of these workers were currently in the labor force and officially counted among the unemployed, the unemployment rate would be 10.5 percent instead of 9 percent.”

The EPI also pointed out that mean unemployment duration in January was 36.9 weeks (up from 34.2 weeks in December), and that a total of 6.2 million workers have been unemployed for longer than six months.

The net private sector job gain for January was 50,000. Public sector payrolls, impacted by layoffs and service cuts by deficit-ridden state and local governments, fell by 14,000.

The report showed an increase in manufacturing jobs of 49,000, the most since August of 1998. Retail and wholesale trade rose by 36,700, and professional and business services grew by 31,000. Transportation and warehousing declined 38,000. Construction fell 32,000. Finance was down 10,000. State and local governments shed 12,000 jobs and the federal government cut 2,000.

The increase in manufacturing jobs is above all the result of cuts in wages and benefits and an increase in the amount of production extracted per worker. The Labor Department in a separate survey issued Thursday reported that productivity increased while labor costs fell for the second consecutive quarter at the end of 2010.

Non-farm business productivity rose at a 2.6 percent annual rate in the fourth quarter, after increasing by 2.4 percent in the third quarter. For the full year, productivity was up 3.6 percent in 2010 and 3.5 percent in 2009. For the year, unit labor costs fell 1.5 percent after a similar drop in 2009. This was the first time since 1962-63 that unit labor costs fell in two consecutive years.

The Obama administration is opposed to any real job-creation programs—such as government public works projects—or serious relief for the unemployed because it is pursuing a big business policy aimed at using mass unemployment to permanently cut the wages and living standards of the working class.

The result has been staggering profits for the corporations and banks, record paydays on Wall Street, and an 84 percent surge in the stock market since the post-financial crisis low point in March of 2009.

Meanwhile, the plant closures and layoffs continue. Among those announced this past week:

• The for-profit college firm Corinthian Colleges said it will eliminate some 600 workers nationwide.

• United Space Alliance notified 548 workers at the Kennedy Space Center in Florida that they will be laid off on April 8.

• The Home Depot retail chain announced it will close four stores—in Michigan, Louisiana and North Carolina—and eliminate 346 jobs.

• Auto supplier Cooper Standard announced it will close its Bowling Green, Ohio plant and eliminate some 200 jobs over the next 12 months.

• West Point Home, a textile plant in Greenville, Alabama, will close by the end of the year, leaving 190 people without work.

• Some 170 jobs will be phased out over the next two years at the Sensata Technologies/Honeywell plant in Freeport, Illinois.

• Penguin Windows, in the Puget Sound, Washington area, on Tuesday laid off 160 workers and said it will eliminate an additional 200 jobs in the coming weeks.

• The Greatwide Dedicated Transport trucking firm in Winter Haven, Florida will shut down, laying off 131 workers on April 2.

• General Motors announced the layoff of 87 skilled trade workers at its Orion, Michigan factory.

Even more massive layoffs have been proposed in the public sector, including up to 9,800 New York State employees, more than 1,100 workers in the Prince George school district outside of Washington, DC, and 429 teachers in the Long Beach, California school system.