US jobs report points to protracted downturn

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The Labor Department said Friday that the US unemployment rate rose in April, but that the economy added more jobs than had previously been expected. Behind the increase in jobs, however, is a dismal and in many ways worsening employment situation, combined with a systematic attack on wages and social programs.

The unemployment rate grew to 9 percent, up from 8.8 percent in March. The number of employees reported by businesses increased by 244,000, higher than the 185,000 that economists expected. This is still barely enough to keep up with the growth in the labor market.

The Labor Department bases its estimate of the unemployment rate on a survey of households, while the payroll figure comes from a survey of businesses. Because of this, the two do not always move together.

The 244,000 jobs created in April represent only a small portion of the jobs that were destroyed during the downturn. Since February 2010, the US economy has created 1.8 million jobs. But this figure pales in comparison with the 8.7 million jobs that were lost since the start of the recession.

Some commentators were quick to dismiss the rise in the unemployment rate as a sign that discouraged workers were once again reentering the labor force, but there is little in the report to suggest that this is the case.

The labor force participation rate held steady last month at 64.2 percent for the fourth consecutive month, down from 66 percent in 2006. The number of people out of work likewise stayed the same at 13.7 million. The U-6 unemployment rate, which includes "discouraged workers" and people working part-time for economic reasons, grew to 15.9 percent, from 15.7 percent the month before.

For some sections of the population, unemployment is rampant. One in four teenagers looking for work cannot find it, along with 16.1 percent of African-Americans and 11.8 percent of Hispanics.

The report follows a string of dismal economic news. The Commerce Department said late last month that the US economy grew by 1.8 percent in the first quarter of 2011, significantly less than the 3.1 percent growth in the fourth quarter of last year and 4.5 percent in the third quarter of last year.

Weekly initial jobless claims likewise continued to edge up. After dipping as low as 375,000 in late February, the figure shot up to 474,000 last week. This was the fourth consecutive week in which initial claims were over 400,000, generally considered a indicator of net job losses.

The housing market, meanwhile, has continued to worsen. The S&P/Case-Shiller index of home prices in 20 major cities fell by 1.1 percent in February, the latest month for which information is available, according to figures released April 26. Nationwide, home values are down by 3.3 percent over the past year. Since the beginning of the housing market downturn in 2006, over $9 trillion has been wiped out from home values.

The US government slashed 24,000 jobs in April, only an initial product of an all-out austerity campaign at every level of the government. Local government cut 14,000 jobs, including 4,700 in education, while state governments cut 8,000 and the federal government cut 2,000. Over 557,000 government jobs have been eliminated since May of last year.

On Friday, the day the jobs report came out, New York City Mayor Michael Bloomberg announced a budget proposal that would eliminate more than 6,000 teacher jobs, in addition to cutting 12 percent of funding to the city's libraries and closing 20 fire companies.

According to the Labor Department report, the manufacturing sector added 29,000 jobs last month, and 197,000 over the past year. Manufacturing grew at an annualized rate of 9.1 percent in the first quarter of 2011, compared to 1.8 percent for the rest of the economy.

However, this apparently healthy rebound in manufacturing is based on an equally large reduction in the living standards of manufacturing workers. In recent years, gains in workforce productivity have topped six percent, as manufacturers imposed speedup and laid off workers by the tens of thousands.

Now, a small portion of these workers are being rehired at far lower wages, with fewer benefits and under even more exploitative conditions. The Obama administration initiated this process with its restructuring of the auto industry, which closed auto plants throughout the country and expanded the practice of paying new-hires half the wage of existing workers.

The fall in wages has fueled sharp increases in the profitability of heavy manufacturing, including automakers General Motors and Ford, as well as Caterpillar, the construction-equipment maker. Caterpillar increased its profits five-fold over the past year, from $233 million in the first quarter of 2010 to $1.23 billion last quarter.

But these figures are only part of the overall boom in corporate profits fueled by the abysmal labor market. The first quarter of 2011 is on track to set a new record for corporate profits, according to a study conducted by the *Wall Street Journal*. With half of the Fortune 500 companies having reported their earnings, the newspaper expects overall corporate profits to be 26 percent higher than a year ago.