US jobs report: No relief from mass unemployment

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The US employment report for November, released Friday by the Labor Department, was hailed by the Obama White House as a significant improvement. In fact, the report shows that the US economy remains mired in mass unemployment, with conditions deteriorating for employed and unemployed workers alike.

The survey concluded that the US economy recorded a net gain of 120,000 jobs last month, below the number of new jobs needed to keep pace with the monthly growth of the population. Previous post-recession recoveries typically saw monthly payroll gains of 200,000–300,000.

The Labor Department revised upward its earlier figures for job growth in September and October, adding a total of 72,000 jobs for the two months. The October figure was raised from 80,000 to 100,000 and the September figure from 158,000 to 210,000.

While the official unemployment rate fell from 9 percent for October to 8.6 percent for November, the drop was largely due to a mass exodus of long-term unemployed and discouraged workers from the labor force. Unemployed workers who have not looked for a job for more than a month are not considered part of the labor force. Thus the staggering labor force decline of 315,000 last month is a more accurate reflection of the social impact of protracted mass unemployment than a net job gain nearly 200,000 lower than the labor force contraction.

The Labor Department estimated that as of November, 6.6 million people considered to be outside the labor force actually wanted to find work. That number was up 192,000 from October. *Bloomberg* reported Friday that 12 million people were out of work and receiving no benefits in November, an increase of nearly 700,000 from the previous year.

These figures provide some indication of the acute social distress facing ever-growing numbers of Americans, tens of thousands of whom are being thrown into poverty or outright destitution every month.

Perhaps the most telling statistics in the Labor Department report concern long-term unemployment. The average duration of unemployment hit a new record of 40.9 weeks, an increase of 1.5 weeks over October. The portion of the unemployed who have been jobless for 27 weeks or more increased to 43 percent, up from 42.4 percent last month and nearly five times the average level in 2007, before the official onset of the recession. There were 5.7 million workers in November who had been unemployed for more than six months.

The total number of workers recorded as unemployed in November was 13.3 million. The number of so-called “underemployed” workers, which includes people who want to work but are discouraged from looking and those working part-time because they cannot get full-time jobs, was 24.4 million, or 15.6 percent of the work force.

According to an analysis posted Friday by the Economic Policy Institute, a Washington think tank, at the pace of job growth in the November report, it will take more than two decades for the US to return to its pre-recession unemployment rate. To fill the job gap of 10.9 million jobs since the start of the recession in December 2007 (which, according to the government, ended in June 2009), by late 2016 would require adding 275,000 jobs each month. This is close to twice the recent level of job creation.

The net gain of 120,000 jobs was the result of a 140,000

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increase in private-sector payrolls and a decline of 20,000 jobs in the public sector. The loss of a further 20,000 government jobs reflects the ongoing assault on state and city social services and programs, from health care, to education, to libraries and fire protection, accompanied by mass layoffs of teachers and other public employees. Over the past year, 278,000 government jobs have been eliminated.

All of the private-sector gains in November were accounted for by mostly low-wage service-providing industries, which added 126,000 jobs. Goods-producing industries overall lost 6,000 jobs. Construction lost 12,000 jobs, while auto gained only 2,000.

Average wages actually fell by 2 cents in November, while hours of work were flat. The result was a 69 cent decline in average weekly wages. Over the past 12 months, wages have risen by a mere 1.8 percent, only half as fast as overall inflation at 3.6 percent, resulting in a further cut in workers' real wages.

One measure of the scale of the jobs crisis is the fact that all education categories have seen their unemployment rates roughly double since the onset of the recession.

The Obama administration sought to present the report as pointing to an ongoing economic recovery. "Today's employment report provides further evidence that the economy is continuing to heal from the worst economic downturn since the Great Depression," wrote Alan Krueger, chairman of the White House's Council of Economic Advisers.

Speaking at a Washington DC construction site, Obama said, "This morning we learned that our economy added another 140,000 private-sector jobs in November. The unemployment rate went down. And despite some strong headwinds this year, the American economy has now created in the private sector jobs for the past 21 months in a row; that's nearly 3 million new jobs in all, and more than half a million over the last four months."

In fact, Obama has opposed any serious measures to create jobs or provide relief to the millions impacted by the jobs crisis. He has rejected any government hiring programs or public works projects and insisted that job creation is the province of private enterprise and the market. On this basis, he has combined trillions of dollars in bailouts for the banks with a series of tax cuts for corporations, while supporting wage-cuts in the auto industry and public education.

This is part of a strategy to keep unemployment high in order to force workers to accept lower wages and benefits along with speedup, and to facilitate record profits by US corporations. His now-defunct American Jobs Act was largely a political ploy, designed to boost his reelection campaign on the basis of phony populism. The actual content of the bill was regressive, including an extension of the payroll tax cut to businesses, draining the Social Security fund, and other corporate tax incentives.

With Europe plunging back into recession, China and India slowing and the European debt crisis threatening another financial meltdown, the prospects going forward are for continued and even more dire levels of mass unemployment.

Federally funded extended unemployment benefits are slated to expire at the end of this month. Failure by Congress to extend the program will result in the immediate cutoff of 1.8 million workers from jobless benefits.

Friday's supposedly positive employment report will likely be used to justify, if not the expiration of the extended benefits, at least significant cuts in the program. The Republicans are demanding restrictions in eligibility, benefit levels or duration of benefits as part of any deal to extend the program, and Obama and the Democrats are likely to comply.

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