

White House hails tepid job growth in December

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President Obama on Friday hailed the Labor Department's employment report for December as proof that the US economy is "healing," making clear that he would propose no new measures beyond an extension of the payroll tax cut to deal with near-depression levels of joblessness.

The Labor Department said US non-farm payrolls registered a net increase of 200,000 jobs last month and the official jobless rate fell from an upwardly adjusted 8.7 percent in November to 8.5 percent, the lowest level since February of 2009. While 200,000 is the largest monthly payroll rise since April, it does not represent a pace of job-creation sufficient to significantly bring down unemployment for years to come.

Economists estimate the US economy must generate at least 150,000 new jobs a month just to keep pace with the normal growth of the working-age population, and most post-World War II recoveries from recessions saw new jobs being created at a monthly rate of 200,000 to 300,000 or more.

Moreover, the Labor Department's Bureau of Labor Statistics advised that its payroll figures for December were likely distorted by a statistical glitch resulting in an inflated estimate of messenger and courier jobs. The Economic Policy Institute (EPI), a Washington think tank, concluded that employment in couriers and messengers was likely overstated "by around 40,000," reducing the actual number of new jobs to 160,000.

Even with an increase of 200,000 jobs, the Labor Department counts a staggering 13.1 million people as officially unemployed, plus 2.6 million who are "marginally attached" to the labor force (discouraged workers who want a job but have given up looking) and 8.1 million who want full-time work but are forced to work part-time. This brings the so-called "underemployment rate" to 15.2 percent—nearly 24

million people.

Even this broader figure does not include many of those who are out of work. What the government considers to be the labor force shrank in December by 50,000, the second straight monthly decrease after a fall of 120,000 in November. The growth in the ranks of workers who simply give up looking for a job skews the official unemployment rate downward.

Long-term unemployment remained at near-record levels in December. The number of workers unemployed for more than six months fell by 92,000. But the total, 5.6 million, remains a barometer of social distress without precedent since the 1930s. Prior to the December 2007 official start of the recession (which supposedly ended in June of 2009), the monthly average of long-term unemployed was 1.2 million people. The share of unemployed workers who have been jobless for more than six months decreased somewhat in December, but remained at the near-record rate of 42.5 percent. By comparison, this figure for 2007 averaged 17.5 percent.

The average duration of unemployment rose to 40.8 weeks in December 2011 from 34.2 weeks in December 2010.

Placing the modest jobs gain in December in its proper context, the EPI noted that the total jobs deficit since the financial crash of 2008 remains well over 10 million. At December's rate of payroll expansion, the US will not return to its pre-recession unemployment rate until 2019, the EPI explained.

The labor force participation rate has dropped from 64.6 percent to 64.0 percent over the past two years. If the workers who comprise this drop were counted among the unemployed, the official jobless rate would now be 9.5 percent instead of 8.5 percent. Another measure of the real level of joblessness, the

employment-to-population ratio, was 58.5 percent in the fourth quarter of 2011, up only 0.1 percentage point from the fourth quarter of 2009 and disastrously below the 63.3 percent average in the first three months of 2007.

Private sector payrolls rose by 212,000 in December, according to the Labor Department, while the public sector lost 12,000 net jobs as a result of 14,000 local government job cuts and an increase of 2,000 federal jobs. Nearly 250,000 state and local government workers were laid off in 2011.

Young people and minorities continue to be hardest hit by the jobs crisis. In December, unemployment was 16.7 percent among workers age 16-24, up 5.0 percentage points since the start of the recession in December 2007. Unemployment among African-American workers rose in December to 15.8 percent and hit 11.0 percent for Hispanics, up 6.8 and 4.7 percentage points, respectively, since the start of the recession.

Most of the private-sector gains, 164,000 jobs, were in lower-paying service industries. While wages were up slightly in December, real wages (adjusted for inflation) continued to fall in 2011. According to the Labor Department, wages rose by 2.1 percent over the past 12 months, well below the pace of inflation at 3.4 percent.

To a significant and growing degree, any increases in employment are bound up with brutal cuts in workers' wages, benefits and conditions. Speaking in Washington DC on Friday, Obama emphasized the modest gains in manufacturing employment (23,000 in December), declaring that "after shedding jobs for more than a decade, our manufacturing sector is also adding jobs two years in a row now. So we're making progress. We're moving in the right direction."

He neglected to note that American-based corporations are shifting some production from abroad back to the US in order to take advantage of massive wage cuts directly fostered by his administration. The forced bankruptcy of General Motors and Chrysler in 2009 under the auspices of the White House Auto Task Force, and with the support of the United Auto Workers union, was used to expand tier-two wages in the auto industry, with new hires making half the wages of senior workers. This established a new benchmark of poverty-level wages (\$12-\$14 an hour) in unionized

manufacturing industries.

In 2010 and 2011, the wage-cutting drive was extended from private industry to the public sector, as state and local governments, headed by Democrats as well as Republicans, carried out mass layoffs and cuts in wages and benefits. At the federal level, Obama imposed a pay freeze on federal workers, while he continued to negotiate with the Republicans for massive cuts in basic social welfare programs.

Systematic wage-cutting is at the center of Obama's pledge to halt the collapse of US manufacturing and double US exports by 2015. His administration has deliberately used mass unemployment as a weapon to impose wage cuts and speedup on US workers. By declaring the December jobs report a vindication of his policies, Obama sent a clear signal that he intends to continue to use high unemployment to support the corporate assault on the working class.

The same day as the December jobs report, both the *Wall Street Journal* and the *New York Times* published articles enthusiastically noting the results of the attack on the wages and conditions of US workers. Under the headline "Making More Things in the USA," the *Times* provided data on the modest increase in US manufacturing jobs in 2010 and 2011.

The *Journal* was more blunt. Under the headline, "In US, a Cheaper Labor Pool," it cited the lockout by Caterpillar of workers at its locomotive assembly plant in Ontario, Canada. The company is holding up its rail equipment plant in LaGrange, Illinois, where labor costs are less than half those in Ontario, to blackmail the Canadian workers into taking a 50 percent cut.

The *Journal* noted that US manufacturing labor costs per unit of output in 2010 were 13 percent lower than a decade earlier.



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