Obama hails jobs report despite nearly 13 million unemployed

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The Obama administration hailed the February jobs report, released by the Labor Department's Bureau of Labor Statistics (BLS) Friday morning, although the 227,000 net new jobs made only a slight dent in the army of nearly 13 million unemployed in America, including 5.5 million unemployed for more than six months.

At this rate of net job creation, and with 125,000 people entering the job market each month, it would require 130 months—nearly 11 years—to put all those currently unemployed back to work. That is without taking into account future economic shocks from the US and world financial system.

A more detailed breakdown of the jobs report suggests the flimsy character of the supposed economic recovery. More than one third of the increase came in two categories—temporary jobs (45,000) and food service and bars (41,000)—which are typically low-paid. There was an increase of 61,000 jobs in health care and social assistance, a category that includes many low-paid jobs in nursing homes and hospitals. While manufacturing created 31,000 new jobs, construction actually showed a decline of 13,000.

Despite the rise in the number of jobs, the jobless rate was unchanged at 8.3 percent because of a surge of new workers into the labor force. A separate Labor Department survey of households found the number of people employed rose by 428,000 in February, but the number of unemployed also increased, by 48,000, because the total labor force jumped by 476,000.

The figures reported by the BLS were slightly better than economists forecasted during the week. Private-sector jobs rose by 233,000, while public-sector employers cut 6,000 workers. The BLS also revised upward its December and January figures, from 203,000 to 233,000 and from 243,000 to 284,000, respectively.

The combined total of 744,000 jobs was the largest for any three-month period since 2006, an indication of the anemic character of the "recovery." By comparison, during the worst of the financial crisis that followed the September 2008 Wall Street crash, American corporations were destroying more than 744,000 jobs *every month*.

Most economic forecasters adopted a cautious attitude to the figures reported over the last few months, partly because the numbers themselves are suspect, and partly because, even if valid, they are expected to mark the high point of job creation for 2012.

The weekly figures on new unemployment claims have actually risen for the past three weeks and remain above 350,000, a level that indicates a labor market in considerable crisis. The number of job cuts tallied by the global outplacement firm Challenger, Gray & Christmas was down slightly from January to February, from 53,486 to 51,728, but it was 2 percent higher than in February 2011.

A report issued by the investment bank Goldman Sachs this week suggested that the method of seasonally adjusting the jobless figures was skewing the results, because any comparison to the disastrous winter of 2008-2009 will inevitably make the current period look better than it is.

Andrew Tilton, an economist for the bank, told Reuters, "We think that the improvement over the last few months dramatically overstates the underlying improvement. You will not see that rate of improvement going forward." The bank now expects the jobless rate to stay virtually unchanged for the rest of the year, ending 2012 at 8.2 percent.

Other economists, including Ben Bernanke, chairman of the Federal Reserve Board, have noted that the rate of gross domestic product (GDP) growth in the United States, just under 3 percent, cannot account for a sharp drop in the unemployment rate from 9 percent last fall to 8.3 percent today. The economic commentator for the *New York Times*, David Leonhardt, wrote Friday, "Based solely on the gross domestic product numbers, the obvious conclusion is that job growth will slow in coming months."

The US private-sector job total in 2012 remains at or below the level of 2000, a fact that demonstrates the failure of American capitalism over a protracted period and under both Republican and Democratic presidents. The BLS report found that a staggering 23.5 million people were either unemployed or underemployed—working part-time when they wanted full-time work.

Nonetheless, the White House celebrated the job figures as a boost to Obama's reelection campaign, and the president visited a new Rolls-Royce engine plant in Petersburg, Virginia to trumpet the supposed economic progress.

Obama has made the revival of American manufacturing a central component of his political campaigning, while disguising the fact that this revival is based on slashing the cost of labor to American corporations through wage-cutting and the destruction of benefits, as well as cutting back on the enforcement of health and safety standards and environmental regulations.

In his remarks in Petersburg, as in every recent speech on the economy, Obama hailed the bailout of the auto industry as a great success. He did not mention that the wages for new-hires at auto plants have been slashed by 50 percent, a standard that is now spreading throughout American manufacturing, to make US companies more "competitive" with their rivals in Europe and Asia.

These measures have had an impact on the entire American working class. According to the BLS report Friday, average hourly earnings rose only three cents in February, to $23.31 an hour, and were up only 1.9 percent from a year ago, far below the rate of inflation. The increase in the average worker's annual income would not even pay for the increased cost of gas to commute the typical distance to a job.

For younger workers, the position is far worse. A report from the Economic Policy Institute released earlier this week found that the wages paid to entry-level workers fell across-the-board from 2000 to 2011, regardless of the education or skill level of the workers involved.

Entry-level wages for male workers fell from $12.82 an hour to $11.68 an hour, in 2011 dollars, while entry-level wages for female workers fell from $10.93 an hour to $9.92 an hour over the same period.