US jobs report points to continuing stagnation

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The December employment report released Friday by the US Labor Department reflects an economy mired in crisis. It shows that five years after the official onset of recession and three and a half years after the recession's official end, the US has failed to generate a recovery in jobs and incomes for the vast majority of the American people.

US non-farm payrolls saw a net increase of 155,000 jobs, somewhat lower than economists' projections and barely sufficient to keep pace with the normal monthly growth of the working-age population. The official unemployment rate was set at 7.8 percent, the same as the rate for November, which was upwardly revised from 7.7 percent.

The net increase in jobs in December was in line with the monthly average for 2012 of 153,000. At that rate, according to various estimates, it will take between 7 and 12 years to return to the employment levels that prevailed prior to the start of the recession in December of 2007.

The number of unemployed people actually rose by 164,000 to reach 12.2 million. More people—192,000—entered the labor market, but the number of people with a job rose by only 28,000.

Fewer than one in five unemployed workers found a job last month, and the total number of jobs remained 4 million below the peak at the start of 2008.

Some 22.7 million people were either unemployed or "underemployed" in December, meaning they were jobless or working part-time but wanting a full-time job. The broader official jobless rate—including those who are unemployed, underemployed or wanting work, but not actively looking because they have become discouraged—was 14.4 percent.

Long-term unemployment (jobless for 27 or more weeks) remained at post-World War II record levels. Some 39.1 percent of the 12.2 million unemployed—4.8 million people—have been out of work for more than half a year.

According to the National Employment Law Project, more than 6 million workers have totally exhausted their unemployment benefits since the recession began in December 2007, and that number will continue to climb as a result of a reduction in the duration of federal extended jobless benefits brokered by the Obama administration last February and cuts in benefits being imposed at the state level.

The *New York Times* quoted John Ryding, chief economist at RDW Economics, as saying, "Job creation might firm a little bit, but it's still looking nothing like the typical recovery year we've had in deep recessions in the past… We're a long way short of the 300,000 job growth that we need."

The response of the Obama administration to the Labor Department report was predictable. As in previous months, administration spokesmen oozed complacency and indifference in the face of a social disaster that is engulfing ever-wider layers of the population.

Alan Krueger, chairman of the White House Council of Economic Advisers, said the report provided further evidence that the US economy "is continuing to heal from the wounds inflicted by the worst downturn since the Great Depression."

Secretary of Labor Hilda Solis declared, "For nearly three years, steady gains have occurred across different sectors of the economy, and December finishes a strong year of consistent growth."

These statements make it clear that the administration has no intention of proposing policies to address the worst jobs crisis since the Great Depression or the growth of poverty, hunger and homelessness resulting from that crisis. Instead, it will continue to focus its efforts on protecting and expanding the wealth of the corporate-financial elite. Central to that effort is keeping unemployment at historically high rates so that big business can use the scarcity of jobs to drive down wages and working conditions.

A major factor in the continuing crisis is the attack on public sector jobs, which continued in December. While private-sector payrolls grew by 168,000, federal, state and local payrolls fell by a net 13,000.

Since the recession officially ended in June of 2009, the public sector has lost 645,000 jobs—including 21,000 federal, 102,000 state, and 522,000 local jobs, with most of the local losses in education.

New York Times economic columnist Floyd Norris placed the unprecedented assault on public jobs under Obama in historical perspective in a blog post on Friday. He pointed out that there were 697,000 fewer government jobs in December than at the end of 2008, a decline of 3.1 percent. This was "by far the largest four-year decline in government employment since the 1944-48 term," when government jobs plunged after the end of World War II.

The only other post-1948 four-year decline was during Reagan's first term, when public jobs fell 0.6 percent.

Norris noted that the December jobs figures showed there were 725,000 more private sector jobs last month than at the end of 2008, a gain of only 0.6 percent. Taking into account the massive decline in public jobs, the total number of people with jobs in the United States today is up by a paltry 28,000—or 0.02 percent—from four years ago.

The assault on public jobs, bound up with brutal cuts in social services and programs, will only intensify as Obama focuses his second term on cutting basic entitlement programs such as Medicare, Medicaid and Social Security in the name of deficit-reduction.

There are many indications of stagnation and likely decline in the private sector as well. Retailers cut 11,300 jobs in December, further evidence of depressed holiday sales.

The retail giant Target reported Thursday that its sales in December were flat, and Macy's said it would close six stores in 2013. Bookseller Barnes & Noble reported a 10.9 percent fall in sales at its stores and on its web site in the nine-week holiday period to the end of December.

Sales at stores open for at least a year rose on average 2.3 percent in December among 19 retailers that reported figures on Thursday, according to Thomson Reuters. This is well below the 3.5 percent figure for December 2011.

The tepid holiday sales reflect the mounting economic distress of working families across the country. Meanwhile, the banks, corporations and speculators are celebrating record profits and bulging stock portfolios. They are benefiting from government policies designed to push up stock prices and subsidize Wall Street even as the real economy continues to flounder and the living standards of the broad masses of people continue to fall.

In particular, the Federal Reserve is pumping nearly $100 billion into the financial markets every month and holding interest rates down to near-zero, effectively handing the banks free money, with no strings attached. The banks, for their part, are using the money to make super-profits from various forms of speculative activities, while refusing to invest in job-creating productive ventures.

In an article published last week and headlined "Can Bank Stocks Continue to Party in New Year?" the *Wall Street Journal* noted that the financial sector of the Standard & Poor's 500 stock index soared 25 percent in 2012, more than twice as much as the overall S&P 500 index.

Bank of America stock rose 104 percent, Citigroup jumped 48 percent, and JPMorgan Chase, Wells Fargo, Goldman Sachs and Morgan Stanley each racked up increases of 23 percent or more.