Low-wage, part-time jobs dominate tepid rise in US payrolls

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4 May 2013

The employment report for April released Friday by the US Labor Department reflects continuing economic stagnation in the midst of the deepest social crisis in America since the Great Depression. The net increase of 165,000 in US non-farm payrolls for the month continues a tepid pace of job-creation that is far slower than the consistent rate of 250,000 to 300,000 new jobs per month required to significantly impact the jobs crisis.

Moreover, the vast bulk of the new jobs being created are in low-wage service industries or in temporary or part-time positions, underscoring that the "new normal" offered by American (and world) capitalism is near-poverty conditions for most of those workers able to find employment.

The Obama administration, the media and Wall Street hailed the report as "good news," and both the Dow Jones Industrial average and the Standard & Poor's 500 stock index soared to new record highs.

In remarks dripping with complacency and indifference, Acting Labor Secretary Seth D. Harris said: "Significant gains this month in professional and business services, health care and retail employment are indications that many of the jobs being added are providing good, middle-class opportunities for the unemployed."

In a similar vein, Alan Krueger, chairman of Obama's Council of Economic Advisers, declared, "While more work remains to be done, today's employment report provides further evidence that the US economy is continuing to recover from the worst downturn since the Great Depression."

The Labor Department reported that the private sector added 176,000 new jobs in April, while government payrolls fell by 11,000. The bulk of the decline in government jobs, 8,000 of the total, was due to federal cuts. This likely reflects the initial impact of the $85 billion in federal "sequester" spending cuts for the current fiscal year signed into law by President Obama on March 1. Federal layoffs and furloughs are expected to mount in the coming months as a result of the sequester.

Since the supposed end in June 2009 of the recession that officially began in December 2007, the public sector has lost 741,000 jobs, the vast bulk in local government cuts, including massive teacher layoffs. The Obama administration has tacitly supported this assault on public services and public employees, rejecting any serious federal aid to cities and states financially crippled by the impact of the economic crisis.

The Labor Department upwardly revised its payroll estimates for February and March by a combined total of 114,000 jobs. On the basis of the new figures for these months, job-creation in the fourth quarter of 2012 averaged 209,000 a month and that for the first quarter of 2013 was 206,000. This means the revised figure for March (138,000) and the figure for April mark a sharp slowdown in job-creation.

The official jobless rate fell from 7.6 percent in March to 7.5 percent in April. The Labor Department reported that, unlike in March, when a decline in the rate occurred because of the exit of 486,000 people from the labor market, in April there was a small increase (210,000) in the number of people who started looking for work. The total number of those officially counted as unemployed dropped by 83,000 to 11,659,000.

However, there were still 416,000 fewer people in the labor force last month than there were in January of this year.

Manufacturing jobs remained flat, while construction declined by 6,000 and mining fell by 3,000. Hotels and restaurants added 45,000 jobs, retail establishments added 29,000, and health care employment grew by 26,000. These service industries are among the lowest-paying economic sectors.

Temporary employment rose by 30,000. The number of Americans with part-time jobs who want full-time work jumped by 278,000 to 7.9 million.

A more accurate measure of unemployment, which includes a section of the discouraged workers who have given up looking for employment and those working part-time who want a full-time job, was 13.9 percent in April, accounting for some 22 million people. This so-called "underemployment" rate last month was 5.1 percentage points higher than at the official start of the recession.

Another indication in the jobs report of declining living standards was a fall in weekly hours worked. The figure declined to 34.4 hours in April from 34.6 in March. This drop in hours, combined with a paltry growth of 4 cents in hourly wages, means that weekly wages dropped sharply, by $3.39, a 4.8 percent annualized decline.

The scale of the economic retrogression since the Wall Street crash of 2008 is indicated by the near-record lows that continue to be recorded for the labor force participation rate and the share of the population with a job. The former (the share of people aged 16 and over who are working or actively looking for work) held steady in April at 63.3 percent, its low of the crisis and far lower than the pre-recession rate of 66.0 percent in December of 2007.

The share of the population with a job was 58.6 percent in April, down from 62.7 percent at the official start of the recession and the lowest proportion since the depth of the recession in the mid-1980s.

There are still 2.6 million fewer non-farm jobs in the US today than there were at the start of the recession. Taking population growth into account, 8.7 million new jobs are needed to bring the jobless rate down to what it was at that time. At the current rate of job-creation, and assuming no new financial crisis occurred, it would take more than five years to bring the jobless rate down to what previously were considered normal levels.

Even this dismal prospect is unduly optimistic. The spread of recession globally, with much of Europe contracting and China slowing dramatically, along with mounting currency wars, the ongoing debt crisis in Europe, and social tensions at the breaking point, portend anything but economic stability in the coming months. Even the stagnant "recovery" in the US is unsustainable under such conditions.

On Friday, the Commerce Department released the latest in a string of negative economic indicators. It reported that US factory orders plunged by 4 percent in March, the biggest drop since August. It also reported that durable goods orders fell 5.8 percent in March, the most in seven months. Earlier this week, the Institute for Supply Management reported a drop in its factory index in April.

What the Obama administration and Wall Street were hailing in Friday's jobs report was not some sign that mass unemployment and growing poverty are on the way out. Rather, they were pleased by the prospect of continued high unemployment combined with just enough growth to sustain the corporate profit bonanza and accelerated enrichment of the financial elite currently underway.

High unemployment is not simply the result of impersonal economic forces. It is a deliberate policy carried out by the Obama administration and the Federal Reserve, with the support of both big business parties. Since the 2008 crash, they have used mass unemployment as a bludgeon to drive down wages, slash benefits and impose speedup.

Meanwhile, the Federal Reserve is pumping $85 billion into the financial markets every month to drive up stock and bond prices and ensure a further redistribution of wealth from the bottom to the top of the economic ladder. At the Fed's meeting this week, its policy-making committee suggested the central bank might increase this subsidy to the banks in the future.

This massive infusion of virtually free credit to the banks does virtually nothing to create jobs, nor is it intended to. It occurs in the midst of a furious drive to slash basic social programs on the grounds that "there is no money" to meet social needs. With the Fed declaring it will continue its handouts to Wall Street until the jobless rate falls below 6.5 percent, there is a direct monetary incentive for corporate America to keep unemployment well above that rate.