Headline figures in December jobs report mask worsening conditions for US workers

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The US economy added 252,000 jobs in December, according to the latest monthly jobs report published Friday by the Bureau of Labor Statistics. The unemployment rate dropped from 5.8 percent to 5.6 percent, while November's payroll figures were revised upwards by 30,000.

News commentators praised the report as a sign that the US economy is on the road to recovery. But the headline figures mask the fact that wages continue to decline, while an ever-greater section of working-age adults have given up looking for work and have dropped out of the labor force altogether.

Average hourly wages for private-sector workers fell by five cents in December, a reduction of 0.2 percent. The wages of nonsupervisory and production workers dropped even more, by six cents. Over the last 12 months, wages have risen by 1.7 percent, but these meager gains were largely erased by inflation.

To the extent that there has been any expansion in hiring, it has been on the basis of the systematic lowering of workers' wages in the aftermath of the 2008 crash. A disproportionate number of jobs created during the so-called economic "recovery" pay less than about $13 per hour, according to a report last year by the National Employment Law Project.

"Although unemployment fell sharply in December, for example, the labor force actually shrank as more people dropped out than found jobs," said Chad Stone, Chief Economist at the Center on Budget and Policy Priorities.

The percentage of working-age adults in the labor force fell to 62.7 percent in December, the lowest labor force participation rate in 38 years, after 273,000 workers left the labor force that month.

Millions of people have simply given up looking for work, dropping out of official unemployment rolls. The Economic Policy Institute keeps track of "missing workers"—those who are likely to have dropped out of the labor force because no jobs are available. According to the organization, the number of missing workers hit 6.1 million in December. If they were counted in the unemployment rate, it would be 9.1 percent, instead of the 5.6 percent that is officially reported.

Out of the 252,000 jobs added in December, 147,000 were in the service sector, while only 17,000 were in manufacturing.

Of the 147,000 jobs gained in the service sector, 52,000 were in professional and business services. The majority of jobs added in this sector were in administrative support, waste management and remediation services, including jobs such as janitorial staff, security, office-clerks, groundskeepers, cleaners and other low-paying jobs. Restaurants, bars and other food service businesses hired 44,000 workers. The Leisure and hospitality sector added 36,000 jobs, and the health care sector added 44,000 jobs.

Even manufacturing jobs, however, have become increasingly contingent and low-paid. A study by the National Employment Law Project, issued in November, shows that manufacturing wages declined at a rate of three times the general fall in wages over the past decade. The study found that autoworkers, for instance, made 21.05 percent less in 2013 than they did in 2003.

The combined effect of falling wages and continuing mass unemployment has devastated the incomes of US households. Between the years 2007 and 2013, the typical income of a US household declined by 12 percent, or $6,400.

The day before the Labor Department released its jobs report, J.C. Penney and Macy's, two of the largest retailers in the United States, announced that they would close dozens of stores and lay off thousands of workers. J.C. Penney is expected to cut about 2,250 jobs and 40 stores. Macy's said it would close 14 stores.

Coca-Cola, the global beverage giant, announced Thursday that it would cut about 1,800 corporate office workers from its global workforce, including at least 500 in the United States.