

Official enthusiasm over January jobs report belied by economic reality

Nick Barrickman
7 February 2015

The US Labor Department released its monthly jobs report Friday, showing that US businesses added 257,000 positions for the month of January. The unemployment rate increased slightly, from 5.6 to 5.7 percent, while the labor force participation rate rose to 62.9 percent. The Labor Department said the increase in the unemployment rate was due to unemployed workers returning to the job market.

The Obama Administration hailed the figures, proclaiming in a statement that, “with today’s strong employment report, we have now seen eleven straight months of job gains above 200,000—the first time that has happened in nearly two decades.”

Media commentators cited the figures as proof that US workers were experiencing the effects of an economic recovery. “The January jobs report isn’t just a single piece of good news. It marks a sea change in the labor market in which the middle class and working class are finally starting to get ahead,” wrote *Bloomberg* economic editor Peter Coy.

The ecstatic response to the jobs report came despite the announcement this week of some of the worst mass layoffs and store closings in recent memory. On Wednesday, Office supply retailer Staples announced plans to buy its rival Office Depot, which would result in the closure of up to a thousand stores and tens of thousands of layoffs.

On Thursday, electronics retailer RadioShack filed for bankruptcy, saying it plans to close up to 3,500 stores, meaning tens of thousands of additional layoffs.

Also this week, the e-commerce giant eBay announced plans to let go of 2,400 workers this quarter due to “weak holiday sales.” Mass layoffs have been announced within the last month by American Express, Schlumberger, Baker Hughes, DreamWorks Animation, and clothing retailers J.C. Penney and

Macy’s.

In January, all major groups of workers saw either increasing or stagnant unemployment rates. Teenagers saw the highest amount of joblessness, increasing to 18.8 percent.

Job growth in January was dominated by the mostly low-paying retail sector, accounting for 46,000 positions – the largest amount from any industry. Construction firms and manufacturers added 39,000 and 22,000 jobs, respectively, and hotels, restaurants and other service sector areas added 37,100 positions.

The number of officially jobless US workers remained at roughly 9 million. The long term jobless, those out of work for 27 months or more, made up 2.8 million of the total amount, or over 31 percent. The report notes that over the past year, this group has seen only a slight decrease in its ranks.

Underemployed workers, or those working part-time for economic reasons, were counted at nearly 6.8 million. According to the Economic Policy Institute, the US economy still has more than 5.8 million “missing workers” who have given up on looking for work. If these workers were to be included in official counts, the unemployment rate would stand at roughly 9 percent today.

Wage growth in the US has remained virtually stagnant. January’s 12 cent wage increase, bringing average US wages to \$24.75 an hour, represents an increase of less than 0.5 percent. A report released last September by the US Federal Reserve noted that average US household income dropped by 12 percent from 2007 to 2013, a decline of nearly \$6,400 a year for the typical American household. According to the Census Bureau’s Supplemental Poverty Measure, 47 percent of Americans have incomes below 200 percent of the official poverty level, characterizing half of the

country as either poor or near-poor.

The economic “recovery” long touted by the US political establishment has seen an expansion of low-paying jobs as higher-paying ones have been eliminated. A 2014 report by the National Employment Law Project notes that while US businesses have added 1.85 million low-wage jobs over the past six years, they have eliminated 1.83 million medium-wage and high-wage jobs.

This week, Jim Clifton, head of the Gallup polling agency, penned a scathing denunciation of the claims that the US unemployment rate is back to “normal” levels.

“There’s no other way to say this,” he wrote. “The official unemployment rate, which cruelly overlooks the suffering of the long-term and often permanently unemployed as well as the depressingly underemployed, amounts to a Big Lie.”

“Gallup defines a good job as 30+ hours per week for an organization that provides a regular paycheck. Right now, the U.S. is delivering at a staggeringly low rate of 44%, which is the number of full-time jobs as a percent of the adult population, 18 years and older. We need that to be 50% and a bare minimum of 10 million new, good jobs to replenish America’s middle class.”

He added, “I hear all the time that ‘unemployment is greatly reduced, but the people aren’t feeling it. When the media, talking heads, the White House and Wall Street start reporting the truth—the percent of Americans in good jobs; jobs that are full time and real—then we will quit wondering why Americans aren’t ‘feeling’ something that doesn’t remotely reflect the reality in their lives.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact