March US jobs growth slowest since 2013

Andre Damon
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Jobs growth in the United States slackened in March, the Labor Department said Friday, adding to a growing body of data indicating that the US economy has slowed significantly in the past six months.

The US added only 126,000 jobs last month, less than the number needed to keep up with population growth. This was half as many new jobs as had been predicted by a Bloomberg survey of economists, and marked the lowest monthly job growth since December 2013.

The unemployment rate remained unchanged at 5.5 percent after hundreds of thousands of people dropped out of the labor force.

Job losses were concentrated in core export and production industries, which were hit hard by the recent fall in oil prices and rise of the dollar. The manufacturing and construction sectors lost 1,000 jobs each, while the mining sector, which includes oil production, lost 11,000 workers.

The Labor Department's figures tracked a surge of recent mass layoffs in these sectors. On Tuesday, US Steel announced 680 layoffs with the idling of part of its plant in Mt. Iron, Minnesota. The week before, the steelmaker announced plans to lay off 2,080 workers at its Granite City Works plant in Illinois.

Also Tuesday, Houston-based oilfield services company Franks International announced 600 layoffs, amounting to 13 percent of its nationwide workforce. In recent months, the four largest oilfield services companies—Weatherford International, Baker Hughes, Halliburton and Schlumberger—have announced more than 30,000 layoffs.

Sections of the US retail sector were hit as a wave of mergers and consolidations continued to result in job cuts. This week, a bankruptcy judge approved a deal between RadioShack and hedge fund Standard General that will keep open only 1,700 of the electronics retail chain's more than 4,000 stores. The deal will mean the elimination of some 20,000 positions.

While the unemployment rate has fallen significantly over the past year, even mainstream economists have been forced to admit that the official unemployment rate, currently at 5.5 percent, has only the most tangential relationship to the true state of the labor market.

According to the Labor Department, 277,000 people dropped out of the labor force last month, twice the number of jobs that were added. As a result, the labor force participation rate fell to 62.7 percent, matching its lowest level in nearly four decades.

New jobs, meanwhile, have been mostly low-wage and disproportionately part-time. Compared to December 2007, the US economy has added more than two million part-time jobs, while the number of full-time jobs in the US is actually lower today than it was eight years ago, before the start of the recession.

According to the Economic Policy Institute, there are some 3.3 million "missing workers" who have given up looking for work because it is not available. If they were included in the official unemployment rate, it would be at 7.4 percent as opposed to the nominal rate of 5.5 percent.

Workers' wages, having stagnated and declined for years, grew by only 2.1 percent over the past twelve months. While hourly earnings ticked up slightly last month, average weekly earnings actually fell as employers cut back on hours.

The lackluster jobs figures came amid a series of other indicators showing a slowdown at the end of 2014 and the beginning of 2015.

On March 27, the Commerce Department confirmed that the US economy grew at a rate of 2.2 percent in the fourth quarter of 2014, down from an earlier estimate of 2.6 percent and half the growth rate of the previous quarter. On March 25, the Commerce Department said that durable goods orders fell by 1.4 percent in February.

These figures led analysts to slash their predictions for growth in the first quarter of this year, with the Federal Reserve Bank of Atlanta cutting its estimate to just 0.2 percent.

The slowdown is partially a result of the continuing slump in oil prices and run-up in the price of the dollar. Oil prices have fallen by 50 percent over the past year, prompting tens of thousands of layoffs in the US,

particularly in high-cost hydraulic fracturing operations that have become unprofitable.

The US dollar, meanwhile, has risen significantly against other currencies, shrinking demand for US manufacturing exports overseas.

These contingencies have weighed down US corporate profits, which the Commerce Department said fell by 0.8 percent over the past year—the first annual fall in US corporate profits since 2008.

US corporations in recent weeks stepped up their demands for the Federal Reserve to keep interest rates at zero in order to lower the value of the dollar and prop up their profits through cheap credit.

The Federal Reserve has responded to these demands by hinting that it will likely delay raising the federal funds rate, which has been at zero for six years, while slowing the pace of rate hikes once they begin.

Speaking in San Francisco earlier this month, US Fed Chair Janet Yellen stressed the need to be “patient” in raising rates, while Fed officials lowered their estimate for where the federal funds rate will be at the end of this year to 0.625 percent, sharply lower than their December estimate of 1.125 percent.

Six years of near-zero interest rates, together with the Federal Reserve’s “quantitative easing” money-printing policies, have fueled a massive run-up in stock prices, in the process enormously enriching the financial oligarchy even as workers’ wages have stagnated or declined.

The response by the Federal Reserve to the latest series of negative economic figures, together with continued mass layoffs throughout the economy, indicates that the US financial elite plans to respond to continued economic stagnation by intensifying the policies it has pursued since the 2008 crash: unlimited cash for the banks and corporations combined with austerity and mass layoffs.