

April employment report masks extent of US jobs crisis

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The US economy added 223,000 jobs in April, according to figures released Friday by the Labor Department. The official unemployment rate dropped to 5.4 percent, the lowest since May 2008.

In an online statement following the release of the figures, the Obama administration praised the report as a reflection of an “ongoing recovery” showing “substantial progress” in the economy. News commentators echoed this line, saying that the report constituted evidence of an economic turnaround.

Speaking at Nike headquarters in Oregon, Obama declared that “obviously” his policies have not “done too bad in terms of employment in this country. I just thought I’d mention that. Since there were a lot of predictions of doom and gloom.”

In reality, the jobs report looks good only in contrast to the dismal performance of recent months. The US economy added only 85,000 jobs in March, according to newly-revised figures released alongside the April statistics.

Stock analysts have called the April jobs figures announcement a “Goldilocks” report: generally positive, but not good enough to encourage the Federal Reserve to raise interest rates more rapidly, which would tend to lower stock values. Ryan Larson of RBC Global Asset Management told CNBC that the jobs report was “Probably [the] best scenario in which the market was hoping for growth but not [so strong] that the Fed needs to hike in June.” Stocks responded to the report with a rally.

Wages rose by 0.1 percent in April compared to March, below economists’ expectations, and were up by only 2.2 percent over the past year, according to the Labor Department report.

The industries that added jobs in April disproportionately pay low wages, and provide

temporary and part-time work. As a CNBC headline put it, “Bad job news, good stock news.”

While only 1,000 jobs were added in the higher-paying manufacturing sector in April, a total of 182,000 jobs were added in the service sector. Administrative and waste services, a category that includes janitorial, cleaning staff, and temporary workers, added 41,300 jobs.

Food service and drinking venues added 26,000 jobs. The average wage in this sector is \$11.39, with employees working an average workweek of 24.8 hours. Other industries that added jobs included transportation and warehousing, with 15,200 jobs added; hospitals, with 11,800 jobs; social assistance, with 10,400 jobs; and nursing and residential care facilities, with 8,100.

According to the National Employment Law Project (NELP), in the first four years of the “recovery,” low-wage jobs accounted for 44 percent of job growth. However, low-wage jobs were only 22 percent of the jobs lost in the recession.

While the official unemployment rate fell to 5.4 percent, this figure excludes the millions of people who are not counted as unemployed because they have simply given up on the prospect of finding a job. According to the Economic Policy Institute, there are 3.14 million such workers, and if they were counted in the official unemployment rate, it would stand at 7.3 percent.

The latest jobs figures follow a string of mass layoffs. Dow Chemical announced last Monday that it would cut up to 1,750 jobs to save costs. First Data, a tech finance company stationed in Omaha, Nebraska, this month said it would be laying off several thousand people globally in the coming months.

In April, Bell Helicopter announced 1,100 layoffs at

its facility in Lafayette, Indiana. The Pennsylvania-based software developer Unisys also announced plans to slash 8 percent of its global workforce, including 1,800 workers in North America. On April 24, pharmaceutical giant Procter & Gamble announced it would cut 6,000 office jobs worldwide. The company has eliminated 20,000 office and manufacturing jobs since 2012.

During his appearance at Nike headquarters Friday, Obama credited his administration's policies for having set up an economic turnaround, declaring "thanks to the hard work of the American people and entrepreneurs like the ones who are here today—and some pretty good policies from my administration—we're in a different place today."

In fact, the Obama administration's policies have been aimed at reviving US manufacturing on the basis of a significant reduction of workers' wages. As a result of these policies, the National Employment Law Project concluded in 2014, "While the manufacturing sector has grown in recent years, wages are lower, the jobs are increasingly temporary, and the promised benefits have yet to be realized."



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