“Positive” US jobs report belied by mass layoffs

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The US economy added 271,000 jobs in October, according to the latest jobs report by the Department of Labor’s Bureau of Labor Statistics. Media commentators hailed the jobs figure, which was higher than economists’ predictions of about 180,000 jobs, as “stellar,” “off the charts” and “sizzling.” Unemployment fell to 5 percent, the lowest level since April 2008.

October’s report comes following lackluster figures in September and August, in which the US economy added only 137,000 and 153,000 jobs, respectively. President Barack Obama praised the jobs report in a speech Friday, declaring “Our businesses created 268,000 new jobs last month. They’ve created 13.5 million new jobs over the past 68 straight months—the longest streak on record.”

A recent wave of mass layoff announcements, however, belies the official triumphalism by the media and political establishment. The Kraft Heinz Company announced on November 4 that it was closing 7 factories across the country, thereby axing 2,600 jobs over the next two years, in addition to 2,500 jobs that were cut in August. Oscar Mayer, a subsidiary of Kraft Heinz, will lose its Madison, Wisconsin plant in the layoffs, affecting 1,200 workers in a medium-sized city. The layoffs are the direct result of the Merger of Kraft and Heinz announced in March.

GE Transportation announced 1,500 layoffs at its Erie, Pennsylvania locomotive production facility on November 6, pointing to low locomotive demand and falling commodity prices. The layoffs will affect mostly skilled workers. Chevron announced layoffs totaling between 6,000 and 7,000 jobs, along with a “similar” number of contract workers, on October 30. This is in addition to plans to lay off 1,500 workers and 600 contractors announced in July.

On Wednesday, Sprint chairman Masayoshi Son announced that layoffs at the company would be “in the thousands.” Sprint plans to cut spending by $2 billion a year and already cut 3,700 jobs at the end of 2014 and beginning of 2015.

The recently announced mergers of pharmaceutical giants Allergan and Pfizer, pharmacy chains Walgreens and Rite Aid, and health insurers Cigna and Anthem will likely entail job losses down the line as well. These mergers and acquisitions, which result in massive payoffs to Wall Street investors and corporate investments, create the conditions for slashing workers’ wages and benefits, the closure of workplaces and mass layoffs.

Wal-Mart announced last month that its sales for the year would be flat and that earnings per share would decrease next year. Target, meanwhile, announced that it was closing 13 of its stores nationwide, in a move that will likely spell unemployment for most of the workers at the affected locations.

The poor sales figures for Wal-Mart and Target express the worsening financial position of working people amid the decades-long stagnation of wages and continued mass joblessness despite the headline unemployment figure.

Wall Street reacted to the jobs report with a mild selloff early in the day, reflecting fears that if the real economy or employment situation improved, the Federal Reserve would be more likely to raise interest rates in December. Fed Chairwoman Janet Yellen said on Wednesday, before the jobs report, that a hike in the key interest rate that month is a “live possibility.”

Despite the better-than-expected jobs figures, the labor force participation rate, an important indicator of the actual job market, remained at its 38-year low of 62.4 percent. In other words, a whopping 37.6 percent

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of the population is neither employed nor actively seeking work, with many having simply given up on the prospect of finding a decent job.

The latest report comes in the context of a global economic slowdown and other figures pointing to deteriorating economic conditions in the United States. The US economy grew at a mere 1.5 percent annualized rate in the third fiscal quarter of 2015 after a 3.9 percent rate in the second quarter. The World Bank has projected that American GDP will grow 2.7 percent this year, but this has already been revised down from a January estimate of 3.2 percent.

When broken down by sector, the jobs report reveals much more than the headlines suggest. Manufacturing employment was unchanged in October at 12.3 million workers, compared to over 13 million before the financial crisis and recession. In other words, despite the "recovery," relatively high-paying manufacturing jobs have failed to reach even pre-recession levels, let alone keep pace with population growth.

The positions added in October were overwhelmingly in the service industry, which is dominated by low-wage employment. The sector that hired the most workers was professional and business services, which added 78,000 jobs, followed by health care, which added 44,900, retail, which added 43,800 and leisure and hospitality, which added 41,000 jobs.

The professional and business services sector includes technical, management, administrative, support and waste management services, including custodial, clerical and security staff. Nearly one third of the jobs added in this sector were in temp agencies, which added 24,500 jobs.

The next-largest sector was health care, which includes home health aides in nursing homes, whose median hourly salary was $10.74 in 2014. The retail and leisure and hospitality sectors are notorious for their low wages. Cashiers at grocery stores had a median wage of $10.31 in 2014.

Leisure and hospitality workers made still less, with the median wage of nonsupervisory employees a mere $12.51 per hour and the median workweek only 25 hours. Fast-food cooks earned a median wage of only $9.13 per hour in 2014.

These industry sectors, staffed by underemployed and underpaid workers, represent the "new normal" of the American economy. The recession and subsequent "recovery" resulted in millions of formerly well-paying jobs being axed and replaced with poverty-wage employment. 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 had eliminated 1.83 million medium-wage and high-wage jobs.

The decades-long stagnation of wages for US workers and the destruction of decent-paying jobs were reflected in a recent study published in the *Proceedings of the National Academy of the Sciences*. According to the study, the mortality rate of white, middle-aged working-class Americans has dramatically increased since 1999, translating into nearly 100,000 more deaths than if it had remained flat over this period. This increase is largely due to drug overdoses, alcohol abuse and suicides, symptomatic of the social misery and distress that pervades the lives of a growing share of American workers.

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