Despite “strong” US jobs report, unemployment expected to rise in 2024

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The December 2023 US jobs report showed modestly higher than expected hiring. The report, however, sheds little light on the broader pullback in hiring by employers and the potential for a sharp rise in unemployment in coming months.

The US economy added 216,000 jobs in December and the unemployment rate held steady at 3.7 percent. Both figures were higher than economists expected. For the year employment rose by 2.7 million, the lowest level in two years.

But, according to outplacement firm Challenger, Gray & Christmas, companies announced 721,677 job cuts in 2023, nearly double the layoffs announced in 2022. Among the companies announcing the largest number of cuts were tech firms, including Facebook parent Meta and Amazon. Stellantis ended the year by announcing the layoff of some 3,500 at plants producing Jeep brand vehicles in Detroit and Toledo, Ohio. GM has announced 1,300 layoffs at its Lake Orion Michigan and Lansing Grand River plants and another 900 at its Cruise self-driving vehicle division.

As 2023 ended, UPS announced hundreds of layoffs concentrated among part-time warehouse workers in Louisville, Kentucky; Portland, Oregon and Indianapolis, Indiana among other facilities.

On Wednesday, global document management company Xerox announced it plans to cut 15 percent of its workforce in a restructuring move.

The Conference Board Leading Economic Index continues to predict recession, dropping in November for the 20th month in a row.

An economist cited by the *New York Times*, Kathy Bostjancic, chief economist at Nationwide, projected a “moderate” recession this year. “We already see signs that cyclically sensitive sectors of the economy are significantly pulling back on adding workers to their payrolls,” she wrote in a note outlining her annual outlook. “We foresee moderate job losses unfolding by mid-2024. The unemployment rate should rise to around 5 percent later in 2024.”

The Biden administration predictably hailed the higher job numbers. Labor Secretary Julie Su declared, “The stable economic growth of 2023, along with evidence pointing to a broad and equitable recovery, was not pre-ordained. It is the result of President Biden’s vision that when we do right by workers, our economy does well, and our country gets stronger.”

This turns reality on its head. In the name of fighting inflation, the Biden administration has pursued a policy of pushing up interest rates in order to increase unemployment and undercut the militancy of the working class. The aim has been to hold down wage increases below the rate of inflation in order to make the working class pay for the crisis of capitalism. In this he has worked closely with the trade union bureaucracy to sabotage workers struggles in order to hold down wages and maintain corporate profits.

Last summer, Teamsters President Shawn O’Brien called off a planned strike by 340,000 UPS workers and forced through a sellout deal that met none of workers’ basic demands and passed under dubious conditions.

Most recently, “reform” UAW President Shawn Fain pushed through a sellout deal over heavy opposition that left in place past concessions and failed to halt the fall in autoworkers’ living standards. For his role in imposing this sellout, Fain has received accolades from the corporate press, including being named CNN Business “Labor Leader of the Year.”

Under terms of the 2023 national contract, the United Auto Workers negotiated “buyouts” with Ford, Stellantis and General Motors to assist in slashing jobs as part of an anticipated jobs massacre in the auto industry as it transitions to electric vehicles.

A worker at the Stellantis Toledo Jeep assembly complex told the *World Socialist Web Site*, "I do not like Shawn Fain. He is not a man of his word. They are going to hire people in just to lay us off indefinitely. Some TPTs (temporary part-time workers) are still only working three days [a week] and the union acts like they don't know anything. This deal wasn't for us. And have the TPTs even gotten all the money they promised, like the signing bonus?"

A Stellantis worker at the MOPAR parts division in Michigan remarked bitterly about the results of the UAW national auto agreement, which gave a green light to the closure of the Tipton Transmission plant and 10 MOPAR distribution centers.

"Currently, at Centerline Packaging, we worked four hours on Tuesday and were told not to return until Monday because the company outsourced all of our work. Fain hasn't shown up or talked about it. He hasn't called us to 'stand up' and strike. My union steward told me we will get some of our work back, but not all of it. So, there's going to be more jobs cut.

"The work is outsourced, so there's going to be job cuts or indefinite layoffs, and people will have to wait to be placed as openings come up at other plants. They aren't telling us what's really happening, but something is up. They told us we maybe out next week too while they try and get some of our work back."

The number of unemployed actually rose by 683,000 in December, the highest since April 2020, and the labor force participation rate, the percentage of the total population that is employed, fell to 62.5 percent from 62.8 percent. The only reason that unemployment rate held steady was that 676,000 people left the labor force, likely in part at least due to the resurgence of COVID-19.

Highlighting the continued "tightness" in the labor market, on Friday Detroit Mayor Mike Duggan announced plans for a $3 an hour increase in pay for city bus drivers to $19.15 to address a shortage of drivers that has led to a further breakdown of public transportation in the city, with buses chronically late or not arriving at all. The meager pay hikes will take place under a special memorandum of understanding with the Amalgamated Transit Union, since the current ATU contract—which ensures poverty wages—does not expire until July 1, 2025.

The continuing relative labor shortage contributed to the fact that for the first time in over two years, real wage increases of 4.1 percent—boosted by 0.4 percent rises in November and December—slightly exceeded the official inflation rate, which stood at 3.1 percent for calendar year 2023. The Federal Reserve had set a 3 percent wage growth target in line with its goal of 2 percent annual inflation rate. In response to the higher-than-expected wage rise, the Federal Reserve will likely delay any plans to cut interest rates from their current levels, the highest in 23 years. Rate decreases had been anticipated as early as March.

The inflation and wage growth numbers are misleading in that they don't take into account the impact of rising interest rates on workers' households, including higher mortgage and credit card payments and the interest on the massive burden of student loan debt, which now must be repaid after the Biden administration lifted the temporary moratorium.

Despite endless claims that he is "pro-worker," the Biden administration is presiding over a continued decline in real wages, the further enrichment of the financial aristocracy and stratospheric levels of social inequality.