February Jobs Report Shows Tepid Growth in US Payrolls

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The Obama administration and the media hailed the Labor Department's February employment report, released Friday, as evidence of an accelerating economic recovery. It is nothing of the kind.

The report showed an overall increase in US payrolls for the month of 192,000, somewhat below economists' expectations of a 200,000-plus gain. The official unemployment rate dipped to 8.9 percent from January's 9.0 percent.

Private-sector payrolls rose by 222,000, but public sector jobs fell by a net 30,000, resulting from a loss of 12,000 state jobs and 18,000 local positions. Federal payrolls remained unchanged.

The large fall in public-sector payrolls is the clearest expression of the austerity policies being carried out by deficit-ridden state and local governments with the support of the Obama administration. Since their employment peak in August 2008, state and local governments have slashed 450,000 jobs.

Much of the reported increase in February private-sector payrolls was the result of an artificially depressed number in the Labor Department's January employment report, the result of unusually severe weather that month. In any event, the economy needs to generate between 125,000 and 160,000 new jobs every month just to keep pace with the normal growth in the labor force.

February's performance, coming eight months after the official end of the recession that began in December of 2007, is indicative of a severely depressed labor market, not one that is healthy and beginning to strongly rebound. In all previous recessions, monthly job growth of 200,000 to 300,000 has been typical of strong recoveries.

In February, there were 7.5 million fewer jobs on non-farm payrolls that in December 2007, and 7.3 million fewer jobs on private-sector payrolls. According to the Economic Policy Institute (EPI), a liberal Washington think tank, at February's growth rate it would take until 2019 to return to the pre-recession unemployment rate.

The government estimates that 13.7 million Americans remain unemployed and 25 million are "underemployed"—either laid off, involuntarily working part-time, or no longer actively looking for work because of the dismal job market. The government's underemployed figure for February is 15.9 percent, not far below its all-time high in data going back to 1994 of 17.4 percent in October 2009.

There are 4.8 unemployed workers for every available job.

There are 6 million workers who have been unemployed for 27 weeks or more. The percentage of the jobless who fall into this desperate category of "long-term" unemployed actually increased in February from 43.8 percent to 43.9 percent, and remains near its high of 45.6 percent last May. The share of long-term unemployed in the labor force in February was 3.9 percent.

According to the Washington-based Center on Budget and Policy Priorities, prior to the current recession, the previous highs for these long-term unemployed figures over the past six decades were 26 percent and 2.6 percent, respectively, reached in June of 1983.

The average duration of unemployment climbed to 37 weeks in February, a post-World War II record.

The 8.9 percent official jobless rate, touted by the White House as a vindication of its "job-creation" policies, establishes a bleak benchmark: two straight years of unemployment above 8.5 percent.

The Economic Policy Institute pointed out that the drop in the official jobless rate is largely a result of a decline in what the government considers to be the labor force, i.e., the impact of the abandonment of the search for a job by large numbers of laid-off workers and the non-entry into the job market of younger workers. The government's figure for labor force participation (share of the population aged 16 and over working or looking for work) is currently 64.2 percent, its lowest point in the recession.

The EPI noted that the labor force is now smaller than it was a year ago (by 312,000 workers), despite the fact that the working-age population grew by 1.9 million. It wrote: "Consequently, the proportion of the population in the labor force—i.e., people who are working or unemployed—dropped by 0.6 percentage points over the same period. This is comparable to the drop in unemployment."

The EPI elaborated on the implications of these figures: "If the labor force participation rate had held steady over the last year, there would be roughly 1.5 million more workers in the labor force right now. These workers are instead on the sidelines. If these workers were unemployed but still in the labor force (i.e., looking for work), the unemployment rate would be 9.8 percent right now instead of 8.9 percent.

"In other words, the improvement in the unemployment rate over the last year (from 9.7 percent to 8.9 percent) is largely due to would-be workers deciding to sit out due to weakness in the labor market. The employment-to-population ratio, a broader measure of the share of the working-age population that has a job, actually declined slightly over the last year, from 58.5 percent to 58.4 percent. Improvements in the unemployment rate are only good news if a larger share of the potential workforce actually finds work, which is not happening" (emphasis in the original).

Other aspects of the supposedly positive jobs report provide further evidence of the social catastrophe facing growing sections of the population. Average hourly wages grew by a total of one cent in February and have risen at a 1.9 percent annualized rate over the last three months. Weekly wages increased by only 34 cents, and have also grown at a 1.9 percent annualized rate over the past three months.

With gasoline and food prices exploding, and both public and private employers ratcheting up employee health care costs and cutting benefits, these wage figures signify a deep plunge in living standards.

The official unemployment rate is 8.0 percent for whites (3.6 percentage points higher than at the start of the recession), 15.3 percent for African-Americans (6.3 percentage points higher than at the start of the recession), and 11.6 percent for Hispanics (5.3 percent higher).

The jobs disaster is particularly acute for young workers. In February, unemployment was 17.7 percent among workers age 16-24, an increase of 6.3 percent since the start of the recession.

Describing the scale of the jobs crisis, the EPI noted: "The labor market remains 7.5 million payroll jobs below where it was at the official start of the recession three years and two months ago. And this number vastly understates the size of the gap in the labor market by failing to take into account the fact that simply keeping up with the growth in the working-age population would have required the addition of another 3.8 million jobs over this period. This means that the labor market is now 11.3 million jobs below the level needed to restore the pre-recession unemployment rate (5.0 percent in December 2007).

"To achieve the pre-recession unemployment rate in five years, the labor market would have to add around 285,000 jobs every month for that entire period."

The Obama administration is opposed to any genuine job-creation program. It is instead ending the wholly inadequate stimulus measures it put into effect two years ago and turning to austerity policies that will keep the jobless rate extremely high for years to come. This is part of a calculated strategy to use mass unemployment to bludgeon the working class into accepting cuts in wages and benefits as well as speedup.

Exuding cynicism and indifference to the mounting social distress, Obama said Friday, speaking at a high school in Miami, Florida: "This morning we learned that the unemployment rate fell to its lowest level in nearly two years … And that's progress."

Labor Secretary Hilda Solis declared, "The bottom line—the policies and programs of this administration are working."

Working for whom? The real priorities of the administration were outlined in a column published Wednesday in the Financial Times by Obama's new White House chief of staff, William Daley, entitled "Why Obama is a Pro-Business President."

Daley, formerly a top executive at JPMorgan Chase, wrote: "President Barack Obama has always believed that America succeeds when business succeeds… As a government, our responsibility is to lay the foundations for the private sector to thrive; indeed, that is at the heart of our strategy for growth."

Daley proceeded to tick off all the ways in which the administration is working to maximize corporate profits, noting that "we are working to knock down barriers that make it harder to compete, from the tax code to the regulatory system." Obama, he boasted, is intent on "reforming" the corporate tax code and freezing annual domestic spending for five years, which would "bring domestic discretionary spending down to the lowest share of our economy since President Dwight Eisenhower."

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