Worst US Jobs Report in Three Years shatters Claims of Economic Recovery

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The US employment report for December, released Friday by the Labor Department, is a shattering exposure of the Obama administration's claims that the US economy is in the midst of a recovery.

Just one day before, in announcing his "economic promise zones," Obama had touted the so-called recovery, insisting, in the face of widespread disbelief among working people, that it was "real." (See "Obama's phony campaign against inequality").

The US economy generated a net increase of only 74,000 jobs in December, about one third the number predicted by economists and less than half the amount needed to keep pace with population growth. The increase in non-farm payrolls was the lowest since January 1, 2011, when the economy added 69,000 jobs. Friday's number followed two months in which payrolls grew by 200,000 or more, leading to claims that the economy was shifting into high gear.

The unemployment rate for December dropped sharply, from 7 percent to 6.7 percent. However, this decline was not the result of an improvement in the real economy. On the contrary, it was caused by a further exodus of workers from the labor force, which shrank by 347,000. In the past twelve months, the labor force has contracted by almost 550,000 workers.

In the so-called "recovery" since the Wall Street crash of 2008, a decline in the official jobless rate has perversely become, more often than not, an indicator of deepening social crisis rather than a sign of expanding production and rebounding employment. Most of the decline in the government's jobless rate from 10.0 percent in October 2009 has been due to the fact that millions of people have fallen out of the job market because of economic conditions.

According to a survey by the Economic Policy Institute, 5.99 million "missing workers" have dropped out of the labor force over the past five years for economic, not demographic, reasons. If these missing workers were counted as unemployed, the unemployment rate would be 10.2 percent.

The labor force participation rate fell to 62.8 percent in December from 63.0 percent the month before, hitting the lowest level since 1978. Over the past year, the labor force participation rate has dropped by 0.8 percentage points.

This is the depressed economic context in which the Obama administration and the

Republicans allowed long-term unemployment benefits to expire for over a million people last month, a social crime that highlights the class war policy being carried out against working people.

In a statement posted Friday, Jason Furman, chairman of the president's Council of Economic Advisers, cynically called on Congress to extend federal benefits for the long-term unemployed, writing that "now is not the time to abruptly remove such a widely-used lifeline and make an unprecedented cut to support for the unemployed."

In fact, it was the White House that guaranteed the expiration of long-term jobless benefits by not including an extension of the program in the budget deal worked out with congressional Republicans in December.

Now, the White House and congressional Democrats are attempting to pose as champions of the unemployed and opponents of social inequality, and improve their chances in this year's midterm elections by blaming the Republicans for the cutoff. They are playing down the fact that their plan for a ten-month extension of long-term jobless benefits includes a sharp reduction in the duration of benefits as well as a cut in payments to unemployed workers who also receive disability benefits. The Democrats are also proposing to offset the $18 billion cost of their proposed extension of long-term unemployment benefits by keeping the automatic "sequester" cuts going for an additional year, until the end of 2024.

At the same time, congressional Democrats have reportedly agreed to cut $9 billion in food stamp benefits on top of the $5 billion cut that was implemented last November.

The White House sought to talk down the significance of the jobs report, saying, "We continue to focus on the longer-term trend in the economy—2.2 million private-sector jobs added and a 1.2 percentage point decline in the unemployment rate over the course of 2013."

In reality, the US economy has far from recouped the job losses from the 2008 crash, with 1.2 million fewer people on the country's payrolls than in December 2007. According to the Economic Policy Institute, "the total 'jobs gap'—the number of jobs needed to return the US economy to pre-recession health—is 7.9 million."

The share of the population that is employed fell to 58.6 percent in December, down from 62.7 at the end of 2007. This measure of the jobs market has remained largely unchanged since 2010.

All major sectors of the US economy were affected by December's disastrous jobs figures. The construction sector lost 16,000 jobs, health care lost 1,000. Manufacturing added a mere 9,000 jobs.

The number of people employed by the federal government fell to 2.72 million, the lowest level of federal civilian employment since 1966. The federal government now employs only 2.0 percent of all employed people, down from 4.3 percent in the mid-1960s.

Since February 2010, the total number of state, local and federal government jobs in the US has declined by 621,000, led by a loss of 372,000 local government jobs.

In another sign of economic weakness, the average private-sector work week fell by a tenth of an hour, to 34.4 hours.

The fact that the Democrats have agreed to reduce jobless benefits under these conditions exposes the fraud of their rhetorical campaign against inequality. Between cutting food stamps, slashing jobless pay, and extending the “sequester” cuts, the White House is working in lockstep with the Republicans to further impoverish the working class.

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