US jobs report shows continued stagnation in manufacturing, rise in low-paid jobs

By Nick Barrickman
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The US economy added 211,000 jobs in November, according to figures released on Friday by the Department of Labor. Official unemployment remained at 5 percent, while average wages for hourly private sector employees grew by a miserly 0.2 percent to $25.25 an hour. Wages are up 2.3 percent from one year ago, less than the increase in the cost of living.

Construction employment rose by 46,000, while lower-paid sectors continued to predominate, including retail (30,700) and professional services (27,000). The mining sector lost more than 11,000 jobs, coming to a decrease of more than 123,000 since last December.

The report also pointed to the continued crisis in manufacturing, which saw a slight loss of over 1,000 jobs. Today, there are 4.7 million less manufacturing jobs located within the United States than before the 2008 financial collapse.

Earlier this week, the Institute for Supply Management reported that its index of manufacturing activity had fallen to 48.6 in November, with a figure below 50 indicating contraction. The manufacturing index is now at its lowest levels since 2009, at the depth of the post-2008 recession.

The report classified 1.7 million people as being "marginally attached" to the labor force, or individuals who were "not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months." These workers were not counted among the unemployed if they had failed to look for a job in the month prior to the report's release. An even higher number, 9.9 million, are stuck in part-time jobs and are unable to find full-time work.

The labor force participation rate, a more accurate measure of US employment than the official unemployment rate, remained virtually static, ticking upward from the nearly 40-year low of 62.4 to 62.5 percent of the population. The employment-population ratio remained where it was a month ago at 59.3 percent. The report notes that the latter statistic has remained virtually unchanged since October 2014.

The US economy has averaged the creation of 210,000 jobs per month throughout 2015. This amount is nearly identical to the 199,000 monthly jobs averaged during 2013 and less than 2014's monthly average of 260,000.

These numbers are significantly lower than periods of job growth during past economic recoveries. They are also in line with the growth in the labor force, explaining the fact that real unemployment remains at near-record lows.

US stock markets rose significantly on Friday, with the Dow Jones Industrial Average trading 240 points higher. Concerns over a possible increase in the interest rates in the US were overshadowed by enthusiasm among investors over comments by European Central Bank President Mario Draghi, who said that the ECB was open to further "stimulus measures" after the bank eased monetary policy less than investors wanted on Thursday.

It is widely expected that the US Federal Reserve will begin to move on its long-anticipated plan to raise interest rates when it meets later this month. Since the 2008 financial collapse, near-zero or zero interest rates have been a critical component of the efforts to funnel trillions of dollars into the markets, inflating stock values even as the real economy remains mired in crisis.

Federal Reserve Chair Janet Yellen sounded a cautious tone at a congressional panel on Thursday regarding the economic "recovery." While declaring, "The US economy has recovered substantially since the Great Recession," Yellen indicated that interest rates would remain low, with the possibility of returning to lower levels should markets begin to collapse again. (See: “Fed chair signals rate hike as ECB expands stimulus”)

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