As long-term joblessness soared

US payrolls fell another quarter-million in July

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The US economy shed another 247,000 jobs in July, the Labor Department reported Friday, marking the 19th consecutive month that nonfarm payrolls declined.

Manufacturing employment fell by 52,000, service employment fell 119,000, construction employment fell 76,000, and retail trade fell 44,000. There were small payroll increases in government, tourism and healthcare.

Of the 271 industries tracked by the Labor Department, 70 percent are cutting jobs, while only 30 percent are adding jobs or maintaining existing employment. That figure is an improvement from the 80 percent cutting jobs during the first quarter of 2009, but still indicates an economy mired in a deep recession.

The official unemployment rate actually dropped slightly, from 9.5 percent in June to 9.4 percent, but this actually reflects an aspect of the worsening job market, not an improvement. Some 422,000 unemployed people gave up looking for work in July and were no longer counted officially as jobless. The proportion of the adult population with jobs actually fell from 59.5 percent in June to 59.4 percent in July.

The unemployment rate was much higher for the traditionally more vulnerable groups: 12.3 percent for Hispanics, 12.6 percent for single mothers, 14.5 percent for African-Americans, 23.8 percent for teenagers.

The manufacturing decline was somewhat steeper than shown by the Labor Department figure, due to another statistical aberration. The agency reported that jobs in auto production increased by 28,000, on a seasonally adjusted basis, despite the virtual collapse of the industry. Keith Hall, commissioner of the Bureau of Labor Statistics, explained, “Because layoffs in auto manufacturing already had been so large, fewer workers than usual were laid off for seasonal shutdowns in July.”

The White House, Wall Street and the corporate-controlled media lauded the jobs numbers as a signal that the economic slump in the United States has bottomed out. President Obama went before television cameras barely an hour after the numbers were released, pointing to the overall unemployment rate and the slower pace of job losses, from 700,000 in January to 467,000 in June and 247,000 in July.

It is only by comparison to the past eight months that July’s number could be portrayed as “hopeful.” In any year before the present, there would have been no White House photo-op to celebrate such a dismal employment report.

The stock market surged Friday to a new 2009 high. But the nearly 50 percent rise in the Dow Jones average since March is due not to a recovery in the labor market or the broader economy, but rather to the multitrillion-dollar bailout of the banks and financial institutions by the US Treasury.

Despite the statistical oddity of a drop in the unemployment rate, both the actual number of jobless workers and the duration of unemployment are increasing. The US economy has lost some 6.7 million jobs since the official start of the recession in December 2007.

According to Labor Department figures, 14.5 million Americans were out of work in July, another 8.8 million were working only part-time when they wanted full-time work, and 2.3 million had become “discouraged” and were no longer looking for work.

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This brings the combined total of unemployed and underemployed to 25.6 million, or 16.3 percent of the work force.

Long-term unemployment continues to rise month by month. According to the Economic Policy Institute web site, the number of workers unemployed for more than six months increased by 584,000 in July to nearly 5 million, so that now one third of those officially unemployed have been out of work more than half a year, a record since such data was first collected in 1948. The number of long-term unemployed has jumped from 2.6 million in February to 4.9 million in July, an increase of nearly 90 percent in only five months.

As of July 25, 6.31 million people were collecting long-term unemployment benefits, according to Labor Department data. All told, about 9.9 million people were collecting some form of unemployment benefits in the week of July 18. It was reported earlier this week that tens of thousands of workers are already running out of extended benefits, and by the end of the year that number will rise to 1.5 million.

The Labor Department reported Thursday that 550,000 workers filed new claims for unemployment compensation in the week ended August 1, a drop of 38,000 from the previous week, but still far above the 250,000 to 300,000 figure that typically characterizes a stable US labor market. Among states in the industrial Midwest, the jobs crisis was reflected in Wisconsin, which reported that initial jobless insurance claims through last week were 80 percent higher than at the same point last year.

The Obama administration's response to the unemployment figures demonstrates again that its real constituency is Wall Street and the financial aristocracy, not working people. Obama declared in his brief appearance—without taking questions—that the jobless figures showed "the worst may be behind us" and "today, we're pointed in the right direction."

"We've rescued our economy from catastrophe," he said, referring to the bailout of the banks. He hailed the run-up on the stock exchange, while trying to put a populist spin on it, saying that "a rising market is restoring value to those 401(k)s that are the foundation of a secure retirement."

In fact, retired workers are being systematically robbed—like tens of thousands of General Motors retirees cut off from medical benefits and facing drastically reduced pensions—but Wall Street is celebrating higher stock prices with huge bonuses.

The actual direction of the US economy is reflected in reports that GM is expected to announce another 7,500 layoffs because too few workers accepted early retirement or buyout packages. An even bigger job cut is looming at the US Postal Service, which has already eliminated 27,000 jobs over the past year. USPS officials went before a Senate committee Thursday to propose the elimination of Saturday delivery and the closure of at least 700 post offices.

There was also a plunge in July retail sales figures, down 5.1 percent from June. There were sharp drops at Abercrombie & Fitch, Gap, JC Penney and Macy's, and even sharper declines at some of the upscale retailers. This reflects the growing economic distress among broad sections of the population.

Meanwhile, the bankrupt insurance giant AIG revealed that it has set aside $249 million for "retention bonuses" for executives for the second half of 2009. This includes $93 million for AIG's Financial Products division, whose speculation in derivatives led to the company's near-collapse last year and a federal bailout of more than $182 billion.

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