US unemployment rate surges to highest level in 26 years

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The US unemployment rate rose to 10.2 percent in October, according to data released Friday by the Labor Department. This is only the second time official unemployment has reached double digits since the end of World War II. It is the highest level since early 1983.

The latest figures show the real basis for the "recovery" proclaimed by the Obama administration, which is accompanied by soaring unemployment, together with speedups and wage cuts. The unemployment figures come only one day after the release of figures showing that those who still have a job are doing more work for less money.

The unemployment rate, which is measured by a survey of households, shot up by 0.4 percentage points in October, far more than economists expected.

Non-farm payrolls, which are measured by a separate survey of employers, fell by 190,000. Economists had predicted an average of 175,000 job losses and a 0.1 percent rise in the unemployment rate. The survey households—which include the self-employed and incorporate a better measure of small businesses—showed much higher level of job losses: 558,000.

About 61,000 US manufacturing jobs were lost last month, bringing the total number of manufacturing jobs lost to 2.1 million since the recession began in December 2007. Retail trade dropped by 40,000 jobs, and the service sector as a whole lost 61,000 jobs.

The unemployment rate in Canada jumped 0.2 percentage points to 8.6 percent in October. The country lost 43,000 jobs last month, compared to the gain of 10,000 jobs expected by economists. Some 400,000 Canadian jobs have been eliminated since October 2008.

Since the start of the recession, 8.2 million US jobs been destroyed, bringing the number of unemployed people in the country to 15.7 million, a figure significantly larger than the populations of Cuba, Greece, or Sweden. Of this figure, 5.6 million, or 35.6 percent, were unemployed for 27 weeks or more.

The broader unemployment rate, which includes people who have either stopped looking for work or are working part-time involuntarily, rose even more sharply, hitting 17.5 percent. This is its highest rate on record and up 0.5 percentage points from September. The number of people who would like to take full-time jobs but can only find part-time work, or who had their hours cut from full- to part-time, has reached 9.3 million.

Economists responded to the data by revising upward their estimates for unemployment next year, with several predicting a peak of at least 11 percent. This would represent the highest unemployment level since World War II.

The last time unemployment passed 10 percent was during the recession of 1982-1983, when it peaked at 10.8 percent. Labor conditions for workers are, however, worse than they were during that recession. Over the past three decades, there has been a protracted campaign for "labor market flexibility," which has resulted not only in employers' ability to lay off workers at will, but also to quickly cut hours and impose speedups.

This was expressed in figures released Thursday by the Labor Department, which showed an increase in productivity of 9.5 percent at an annualized rate in the third quarter. Productivity is calculated as the amount of output generated per hour worked. Over the past six months, productivity has increased at the highest rate since 1961.

The sharp rise in productivity is due to the fact that workers are being forced to do more for less. Many employers are laying off part of their workforce and making those who still retain a job cover for those dismissed.

Obama responded to the figures released on Friday with a combination of indifference and palliatives. In a statement delivered at the White House, he stated, “Although it will take time and it will take patience, I am confident that our economy will recover. I’m confident that we’re moving in the right direction.”

Obama repeated the claim that the “stimulus” measures passed by his administration have “saved or created” one million jobs. This figure is based largely on overinflated assumptions about how many additional jobs would have been lost without the bill. The number of people actually employed by the federal government from Obama’s measures is minuscule.

Even if one grants the administration’s own figures, the jobs “created or saved” by the stimulus program amount to less than one eighth of the total jobs lost since the beginning of the recession.

Obama also signed an extension of unemployment benefits by up to 20 weeks in some states. In his speech, Obama said that the bill he signed into law would make unemployment benefits available for up to 700,000 more people. Unemployment payments average $300 per week, and were available for up to 33 weeks prior to the extension.

The bill also includes an extension of a tax credit for first-time homebuyers. These programs are intended as a palliative that does not in any way address the unemployment crisis.

To stress the fact that the administration is committed to cutting federal spending and reducing the deficit, Obama stated that the bill extending unemployment benefits was “deficit neutral.” “The bill I signed will not add to our deficit. It is fully paid for and so it is fiscally responsible,” he said.

The focus on federal cost-cutting, a theme that has been repeated by numerous administration officials over the past two weeks, comes after the government’s coffers have been opened up to the financial elite. The surging profits and bonuses at the largest banks are to be paid for by cuts in social spending.

Obama indicated that his administration was “looking at” additional measures, largely focused on tax cuts for corporations, supposedly to create jobs. The government has rejected additional stimulus measures.

Alan Krueger, chief economist at the Treasury Department, told reporters that there were no firm plans in the works. “I can’t comment on what’s being considered, or when what’s being considered might happen,” he said.

During his remarks, Obama also pledged “an aggressive agenda to promote exports and help American businesses sell their products around the world.” This statement refers to a key component of the government’s strategy to address the US budget deficit, in part through a devaluation of the dollar to make US exports cheaper and imports more expensive.

The linchpin of this policy, however, is the assault on wages, which is the driver of international “competitiveness.” Real wages in the United States have fallen at near-record rates so far this year, and the trend is set to continue.

The government itself spearheaded this attack through the forced bankruptcy of General Motors and Chrysler earlier this year, accompanied by the demand that auto workers accept a new round of concessions.

Earlier this week, Obama declared at a meeting of his Economic Recovery Advisory Board that he aimed to “create an environment in which business investment is triggered.” The main way this is to be done is by permanently reducing the wages and increasing the productivity of American workers.

For Obama and the corporate and financial elite that he represents, high unemployment is not unwanted—it is, rather, absolutely necessary.