US unemployment rose in August

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4 September 2010

US payrolls fell by 54,000 and the official unemployment rate rose to 9.6 percent in August from 9.5 percent the previous month, according to the monthly employment report released Friday by the Labor Department.

The net job loss in August marked the third straight month in which the US economy shed jobs. The private sector added a mere 67,000 new jobs during the month, about half the total needed just to keep pace with the normal growth of the labor force. It is estimated that 250,000 to 300,000 new jobs have to be generated every month to recoup the 8.4 million jobs lost since the recession that began in December 2007 and significantly reduce the unemployment rate.

Over the past eight months through August, the US economy has produced a net increase of 723,000 jobs, an average of only about 90,000 a month. The earlier pace of job creation has slowed and gone into reverse in recent months as US economic growth sharply receded.

Friday's jobs report was consistent with other recent indicators of economic slump—a collapse in home sales, declining manufacturing activity, rising mortgage delinquency rates—that portend further increases in joblessness in the months ahead.

In a separate survey published Friday, the Institute for Supply Management (ISM) reported that growth in the US non-manufacturing sector, which accounts for about 90 percent of the US economy, slowed in August, with a key index hitting 51.5 percent compared with 54.3 percent in July. Economists had expected a reading of 53.5 percent. Service industries expanded at the weakest pace in seven months, the ISM reported.

In its employment report, the Labor Department said public-sector employment fell by 121,000. The bulk of government job cuts, 114,000, resulted from the termination of part-time workers hired to help conduct the 2010 census. An additional 10,000 jobs were eliminated by state and local governments that are slashing public services to close gaping budget shortfalls.

Manufacturing payrolls unexpectedly dropped by 27,000.

The entry of 550,000 new workers into the job market, combined with the net reduction in non-farm payrolls, resulted in the rise in the official jobless rate, the first increase in four months. The 9.6 percent figure, however, masks the true scale of the jobs crisis. The government's so-called "underemployment rate," which includes workers who want a job but have given up looking for work and those who want full-time work but are forced to work part-time, is a closer approximation of joblessness. That figure rose in August from 16.5 percent to 16.7 percent.

The total number of Americans counted by the government as unemployed rose in August to 14.86 million, up from 14.59 million in July. When so-called "discouraged" workers and those involuntarily working part-time are added, the number of jobless workers approaches 26 million.

The Labor Department upwardly revised its figures for new private-sector jobs in June and July, saying businesses added 168,000 jobs in those two months instead of 102,000 estimated earlier. It downwardly revised its estimate of net job losses during the two months to 229,000, 123,000 fewer than had been reported previously.

However, the upward revision of private payrolls in July to 107,000 means that 40,000 fewer private-sector jobs were created in August than in the previous month, indicating a negative trend in the job market.

Other data in the report highlight the devastating impact of the jobs crisis.

• The number of people working part-time because they could not find full-time work rose to 8.9 million in August from 8.5 million in July.

• The jobless rates for African-Americans, Hispanics and young workers were substantially higher than for the general population. The overall unemployment rate for African-Americans was 13.2 percent; for African-American men it was 17.3 percent. The jobless rate among Hispanics was 12 percent. Some 26.3 percent of teens and 14.9 percent of workers aged 20 to 24 were unemployed and seeking work.

Despite these grim figures, the media for the most part portrayed the jobs report as positive or "mixed," largely because the private-sector job number was higher than had been anticipated and the net job loss was lower.

The financial markets responded enthusiastically to the jobs report. The Dow Jones Industrial Average rose more than 127 points, or 1.24 percent, and the S&P 500 and Nasdaq indexes gained even more, in percentage terms. This rise reflected the class calculations of the corporate-financial elite.

There was relief that the report did not point to a downward deflationary spiral, but rather a continuation of the environment of high unemployment and anemic growth which has been exploited by big business to ruthlessly attack the working class. Despite the stalling economy and the fictitious character of the "recovery," corporate profits have been booming, based almost entirely on downsizing, wage-cutting and speedup.

The ruling class is at this point content to have the jobs crisis continue in order to press its advantage and permanently impoverish the working class.

In the Obama administration, it has a willing and pliant instrument for doing so. Obama, flanked by his team of economic advisers, hailed the jobs report in remarks delivered Friday morning from the White House Rose Garden. Oozing complacency and indifference, he pointed to "the eighth consecutive month of private job growth" and said, "Now, that's positive news, and it reflects the steps we've already taken to break the back of this recession."

He managed to include in his brief remarks the clichés that there is "no quick fix" and "no silver bullet" to reduce the highest jobless rate since the Great Depression. He sought to make a verbal acknowledgment of the social distress confronting workers, while belittling the depth of the crisis and claiming that the "recovery" merely needed to be sped up.

"But the key point I'm making now," he said, "is that the economy is moving in a positive direction. Jobs are being created. They're just not being created as fast as they need to…We just have to speed it up."

Obama ignored a reporter who called out, "What about a poverty agenda, Mr. President? What about a poverty agenda for all classes?"

The president said he would hold a press conference next week and announce new initiatives to "keep the recovery moving." However, the White House has already made it clear that there will be no major spending programs and no use of public funds to hire unemployed workers.

On Wednesday, Christina Romer, who has resigned her post as chair of Obama's Council of Economic Advisers, gave a speech before the National Press Club in Washington in which she hinted at frustration over the refusal of the White House to undertake more aggressive stimulative measures.

"The only sure-fire ways for policymakers to substantially increase aggregate demand in the short run," she said, "are for the government to spend more and tax less. In my view, we should be moving forward on both fronts."

Asked about Romer's remarks at a press briefing on Thursday, White House Press Secretary Robert Gibbs said, "Some big new stimulus plan is not in the offing."

Administration officials are letting it be known that any new proposals will be "small bore" and "targeted" and will consist of new tax breaks and subsidies to businesses.

In the face of a worsening economic and social crisis—unemployment has stayed above 9 percent for 16 straight months and is more than 1.5 percent higher than when Obama took office—the administration has ruled out a continuation of even the half-measures of 2009 in order to prosecute the ruling class offensive against the working class. The corporate-financial elite has seized on the breakdown in its own system to carry through a historic attack aimed at rolling back all of the social gains won by workers over more than a century of struggle.

In particular, unemployment is being used to force workers to accept poverty-level wages and intensified exploitation in return for a job.

The Economic Policy Institute issued a report August 31 on wage-cutting in the US, in which it wrote: "Workers who have kept their jobs or found new work during this downturn have also suffered from a broad-based collapse of wage growth over the last two years. And with unemployment expected to remain elevated for many years to come, we do not expect the suppression of wage growth to ease anytime soon."