US loses 95,000 jobs in September

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The US shed 95,000 more jobs in September, up from 57,000 jobs lost in August and the fourth straight month of net payroll reduction, the US Department of Labor reported on Friday.

The combined job losses for July and August were also revised upward by 15,000. Separately, the Bureau of Labor Statistics said it will revise upward the number of job losses by 366,000 for the year lasting from March 2009 through March 2010.

The official unemployment rate held steady at 9.6 percent only because a larger number of workers than expected stayed out of the labor market. September was the 14th month in a row with an unemployment rate over 9.5 percent, the longest such span since the Great Depression.

A broader measure of unemployment, including the involuntary part-time and those who have stopped searching for work, rose sharply to 17.1 percent, the second-highest reading on record. The labor participation rate—the share of the eligible population working or looking for work—remained virtually unchanged at 64.7 percent, near lows not seen since the mid-1980s.

Officially, there are now 14.8 million workers without jobs in the US. They face, on average, a period of unemployment lasting 33 weeks, a near-record duration.

The September jobs numbers were worse than expected. Economists surveyed by *Marketwatch* had anticipated a net decline of 8,000 non-farm payroll positions. Another survey by the Dow Jones News Wire predicted a decline of 10,000 jobs.

There were several indications in the September report that the unemployment crisis is set to worsen. The average workweek was stagnant, the factory workweek shrunk, and employers pushed hundreds of thousands of workers to part-time status—all indications that the trend is not moving toward hiring, but toward more layoffs.

The widespread assault on workers' wages also registered in the September labor report. Average hourly earnings were stagnant for the month and have increased by only 1.7 percent for the year.

"When you combine [the job losses] with no change in hourly wage and no change in weekly earnings, this report signals a softening of employment income that will adversely affect the outlook for consumer spending," commented John Lonski of Moody's Capital Markets.

Private-sector jobs increased by a meager 64,000, also less than anticipated and about a fifth of the number of new positions needed to appreciably affect the unemployment rate.

Most job losses came among government workers. In all, 159,000 government jobs were lost, most of these coming at the state and local level. A large proportion of these job losses came among public school teachers and employees not retained at the start of the new school year. In all, about 58,000 jobs were lost in public education.

The report, coming in the midst of the final weeks of campaigning for the November 2 elections, is a major blow to the Obama administration and the Democratic Party. Democrats had hoped to base their campaigns on a supposed economic "recovery." Instead, they will be forced to once again blame the administration of George W. Bush, which left office 21 months ago, for the depth and severity of the crisis.

Republicans, on the other hand, immediately seized on the report to blame the Obama administration's stimulus package and other measures, what House Republican leader John Boehner referred to as "Washington Democrats' out-of-control spending spree."

In fact, the unemployment crisis has been exacerbated by the refusal of both Democrats and Republicans to put in place or even contemplate direct hiring measures for badly needed public works programs.

This failure was highlighted on Thursday by the cancellation, by New Jersey's Republican Governor Chris Christie, of the nation's largest single public works project—a new rail tunnel under the Hudson River linking New Jersey with New York City. This crucial transportation node connecting the nation's largest city with its most densely populated state is currently served by just one century-old rail tunnel.

Christie's decision, which saves New Jersey its $2.7 billion share of the nearly $9 billion project, reveals the hostility of Republicans and the social forces they represent to any project that benefits working people in the slightest. But it also expresses the bankruptcy of New Jersey—which faces among the worst budget crises of all 50 states—and the inadequacy of the federal government's intervention.

Job losses in the public sector are likely to continue for many months. The combined budget shortfalls of all 50 states for 2011 and 2012 will reach $260 billion and will mean the loss of about 900,000 jobs, according to the Center on Budget and Policy Priorities. The figure does not include job losses in local government and the public schools.

Mass unemployment is the cutting edge of the worst crisis since the Great Depression, driving forward every measure of social misery from the housing crisis, which worsens each month, to the spread of hunger. According to the White House, the coming year will set a new record for use of food stamps, the Supplemental Nutrition Assistance Program. In all, about 43.3 million people, nearly one in seven Americans, will be receiving food stamps by the end of 2011.

The US jobs report had immediate international ramifications. It all but ensures that the Federal Reserve will launch a new round of quantitative easing—inflationary measures designed to increase US exports at the expense of its rivals.

The anticipation that the Fed will take such steps led to an immediate fall in the dollar on world currency markets on Friday. The greenback reached a 15-year low against the yen, increasing the likelihood that the Japanese central bank will once again move to weaken its currency. The dollar also fell to multi-year lows against the currencies of a number of countries, including Australia, South Africa, Switzerland, and Israel.

The euro's rise against the dollar was slowed only after the head of the European finance ministers, Jean-Claude Juncker, "talked down the common currency's strength," according to the *Wall Street Journal*. Juncker "said in the wake of the jobs report that the euro was too strong and didn't reflect the region's economic fundamentals. That sent the euro to an intraday low of $1.3833, after it had ticked as high as $1.3985."

The prospect of the Federal Reserve engaging in a new round of asset-purchasing cheered Wall Street investors, sending the Dow Jones Industrial Average—in spite of the negative jobs report—past 11,000 for the first time since May.