

US jobless claims rise

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The number of Americans filing first-time applications for unemployment benefits rose unexpectedly last week, the Labor Department reported Thursday. Jobless claims increased by 13,000 to 462,000 in the week ended October 9, confounding economists' projections that claims would hold at 445,000.

The four-week moving average of claims also rose, increasing to 459,000 from 456,750. It was the first rise in the four-week measure since the week ended August 21. Economists consider any figure above 400,000 indicative of an economy that is failing to generate sufficient jobs to reduce unemployment.

States and territories across the country reported an increase in newly unemployed filers, with 39 registering a rise and only 14 reporting a decline.

The jobless claims figures provide further evidence that the so-called recovery, which has overwhelmingly benefited corporate profits and the stock market rather than the working population, is faltering, while the Obama administration is taking no serious measures to address the worst jobs crisis since the Great Depression. They follow last Friday's disastrous employment survey for September, which reported a net drop in US payrolls of 95,000, the fourth straight monthly decline.

Private-sector jobs increased last month by an anemic 64,000, while the public sector lost 159,000 jobs. The private sector needs to generate at least 125,000 jobs a month to keep pace with the normal growth of the labor market. So far this year employers have created an average of only 68,111 jobs per month.

The official unemployment rate remained at 9.6 percent in September, but only because of a sharp increase in the number of so-called "discouraged" workers who stopped looking for work. The broader "underemployment" rate, which includes discouraged workers and those working part-time because they

cannot find full-time employment, jumped to 17.1 percent, the second highest level on record.

Most of the new jobs that are being created are low-paying and a majority are temporary positions. According to the Labor Department's Bureau of Labor Statistics, the number of workers placed by temporary staffing agencies has risen by 404,000 over the past year, making up 68 percent of the 593,000 jobs added by private employers.

Thursday's report on jobless claims indirectly pointed to the growing distress in which long-term unemployed workers find themselves. While initial jobless claims rose, the total number of people on unemployment insurance rolls decreased to the lowest level since November 2008. Those who have used up traditional benefits and are now collecting emergency extended payments financed by the federal government also decreased, falling about 340,000 in the week ended September 25.

These declines reflect the growing number of workers who are exhausting their jobless benefits and finding themselves without any cash income.

The *New York Times* on Wednesday published an article providing statistics indicating the depth of the economic crisis in the US and the lack on any real prospect for a genuine recovery. The *Times* noted, "At the current rate of job creation, the nation would need nine years to recapture the jobs lost during the recession. And that doesn't even account for five million or six million jobs needed in that time to keep pace with an expanding population. Even top Obama officials concede the unemployment rate could climb higher still."

The article went on to outline the depths of the real estate collapse: "Median house prices have dropped 20 percent since 2005. Given an inflation rate of about 2 percent—a common forecast—it would take 13 years for housing prices to climb back to their peak." According

to Allen L. Sinai, chief global economist at the consulting firm Decision Economics, “Commercial vacancies are soaring, and it could take a decade to absorb the excess in many of the largest cities.”

The *Times* quoted Sinai as saying, “No wonder Americans are pessimistic and unhappy. The only way we are going to get in gear is to face up to the reality that we are entering a period of austerity.”

Citing the impact of the crisis on Arizona, one of the boom states before the onset of the slump, the newspaper reported that the Association of Arizona Food Banks says demand has nearly doubled in the last 18 months.

A report released Wednesday by the Brookings Institution's Hamilton Project, formed by a number of Clinton administration Democrats, noted that what it calls the "job gap"--the number of jobs that need to be created for the economy to return to pre-recession levels and absorb the 125,000 new entrants to the labor force each month--grew to 11.9 million in September.

The report went on to say: "If the economy adds about 208,000 jobs per month (the average monthly rate for the best year of job creation in the 2000s), then it will take almost 12 years to close the job gap. At a more optimistic rate of 321,000 jobs per month (the average monthly rate for the best year of the 1990s) the economy will reach pre-recession employment levels only after five years.”

By this reckoning, with net payrolls declining or, at best, growing by considerably less than 100,000 a month, the job gap will never be closed and mass unemployment will remain a permanent feature of American life.



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