

## The US jobs report

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The US employment report released Friday documented the reality of worsening unemployment and a sharp slowdown in the already anemic economic “recovery.” It made clear that far from a genuine recovery, the working class faces a deepening of the worst jobs crisis since the Great Depression. (See: “Disastrous US jobs report points to deepening slump”).

The deceleration in the US is part of a broader international phenomenon. Statistics released over the past week show that the slowdown in manufacturing growth is global, extending from the US to Europe to China. The Asian economies, which had been the main engines of world economic growth following the Wall Street crash of 2008, are cooling off.

In a gloomy editorial published Saturday, entitled “Dealing with the evils of stagflation,” the *Financial Times* wrote: “Although the recovery has been much shallower than in past recessions, it is tailing off. This is marked in the US, where...many indicators are now pointing in the wrong direction: average hourly wages are declining as are house prices, while unemployment is picking up... Consumer and business spending are decelerating.

“Meanwhile, the story in the UK is no less dispiriting. Hopes that manufacturing would help to lead a private-sector rebound dimmed with this week’s revelation that order books are stagnant...”

Two years and nine months after the global financial meltdown and two years after the official end of the US recession, the brutal reality facing workers in the US and around the world testifies to the fact that the current economic slump is not merely a cyclical downturn, but rather a systemic breakdown in the world capitalist system.

The response of the international capitalist elite has been to utilize the crisis to launch a counterrevolutionary offensive against the working

class. Having plundered state treasuries to cover the bad debts of the financial aristocracy, governments are seizing on budget deficits and state indebtedness as the pretext for destroying every reform wrested from the ruling class by workers over the past century. The cuts, combined with mass unemployment, are being used to deprive workers of any social protection. The aim is to make them so desperate that they will accept poverty-wage jobs and sweatshop conditions.

This policy was exemplified last week by the actions of Moody’s, the US credit rating company. On Wednesday, it announced it was lowering its rating for Greek state bonds three notches. The following day it warned that it might lower its rating for US debt next month if no agreement is reached by then between the Obama administration and congressional Republicans to slash trillions of dollars in social spending as part of a deal to raise the US debt limit. In both cases, the credit rating firm was intervening on behalf of Wall Street to crack the whip and demand savage austerity measures.

Two months ago, the US Senate Permanent Subcommittee on Investigations released a voluminous report documenting the role of fraud and criminality by the banks, the regulatory agencies and the credit rating firms Moody’s and Standard & Poor’s in the financial crisis. The report—all but ignored by the media and the political establishment—clearly implies that Moody’s and Standard & Poor’s violated the law and defrauded investors by knowingly inflating their credit ratings for mortgage-related securities.

Far from these firms (or the banks and hedge funds with which they colluded) being held accountable for their crimes, they are in the forefront of the drive to make the working class pay for the crisis.

There are countless indices of growing social distress in the US—record levels of long-term unemployment, millions of home foreclosures, a 70 percent increase in

Food Stamp rolls over the past three years, a jump of more than 20 percent in the number of people enrolled in Medicaid, the government health care program for the poor. But the response of the US political elite—from the Obama administration to state and local governments—is to slash Medicaid, Food Stamps, Medicare and every other social program for workers, poor people and the elderly.

In the face of near double-digit and rising unemployment, five US states have cut the number of weeks of unemployment benefits and others are preparing to follow suit.

What Obama calls “job creation” is an Orwellian euphemism for further measures to boost corporate profits at the expense of the working class and society as a whole. The real policy of the administration is to keep unemployment high in order to drive down wages and increase corporate profits and US exports. Its only concern is to avert a complete collapse of consumption and a new financial meltdown.

This was underscored by the response of the administration to Friday’s employment report. Obama did not even directly address the report, even though he spoke Friday at a Toledo, Ohio Chrysler plant to tout the supposed success of his wage-cutting auto bailout.

Austan Goolsbee, the chairman of the White House Council of Economic Advisers, called the report a mere “bump in the road.” He insisted that only the private sector can create jobs and reiterated the policy of new tax cuts for corporations and a further weakening of business regulations. Asked if the jobs report was a “wake-up call” that would lead to a shift from deficit reduction to job creation, Goolsbee declared that “we must live within our means” and said “everybody agrees” with Moody’s that “you have to pay your bills.”

There is no lack of money to fund jobs programs and a vast expansion of relief for the unemployed. The supposed engine of job creation, corporate America, is presently sitting on a cash hoard of \$2 trillion, acquired through record profits and soaring stock prices achieved by means of wage cutting and virtually free credit from the Federal Reserve Board. CEO pay is once again exploding, with corporate executives taking home millions a year and some hedge fund managers receiving billions.

The basic problem is the deadly grip of a parasitic

financial elite on the levers of economic life—in the US and internationally. The fight for jobs is inseparable from the mobilization of the working class to fight for workers’ power and the socialist transformation of society.

In the US, this means the organization of mass working-class resistance against all budget cuts and layoffs and a fight against the Obama administration and both parties of big business. The Socialist Equality Party insists that the right to a secure job at a livable wage is a basic social right of all people. But this right can be secured only through mass struggle on the basis of a revolutionary political program aimed at expropriating the corporations and banks and transforming them into public utilities under the democratic control of the working population.

As part of this fight, we call for a massive program of public works to provide jobs and rebuild the country’s crumbling infrastructure. We call for a radical revision of the tax system, to place the burden on the corporations and the rich and provide relief for working people. Just a ten percent surtax on the rich, in itself not a socialist but rather a modest democratic measure, would yield more than \$1.5 trillion. But any such move would encounter ferocious opposition from the entire corporate and financial elite that controls both the Democratic and Republican Parties.

The critical issue is the building of the Socialist Equality Party as the new leadership to provide the emerging mass struggles of the working class with a revolutionary perspective and program. Those youth and workers who want to fight and see the need for fundamental change should study the program of the SEP and make the decision to join our party.

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