The US jobs crisis

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Even as President Obama and the Republicans plot to slash trillions of dollars in social programs, the latest employment report confirms that, far from an economic recovery, the American people face the prospect of an indefinite and worsening jobs crisis.

The economy added just 18,000 jobs in June, according to last Friday's Labor Department report, and the May figure was revised downward to 25,000. This is a tenth of the number of new jobs that must be added every month just to keep pace with the normal growth of the labor force.

June was the second consecutive month in which US payrolls remained virtually stagnant and the third consecutive month in which the unemployment rate rose. When May's jobs report came out, the White House was quick to call it a fluke. The June report shattered this pretense.

There are 14.1 million people in the US who are counted as unemployed, up 5 percent over the past three months. The official unemployment rate, which vastly underestimates the real scale of the crisis, has risen to 9.2 percent, up 0.4 percent since March.

Since 2009, the average duration of unemployment has grown by over 40 days every year. It now takes a worker, on average, 279 days to find a job after being laid off.

Of the total unemployed, only 7.5 million receive some form of unemployment insurance. This means that 6.6 million people do not have a job and receive no assistance, an increase of 1.1 million since April.

The Obama administration and the political establishment have responded to these figures with total indifference. There is a growing list of states that have cut either the duration or level of jobless benefits. The federal government's extended unemployment benefit program expires at the end of the year, and already hundreds of thousands of workers are exhausting their benefits.

Instead of proposing measures to alleviate the blight of mass unemployment, Obama used his press statement Friday on the jobs report to reiterate his call for massive cuts in social programs and more handouts to corporate America.

"We've got to rein in our deficits and get the government to live within its means," said Obama, referring to his proposal for trillions of dollars in spending cuts, including to Social Security, made a day earlier.

"The sooner we get this done," he continued, "the sooner that the markets know that... we have a serious plan to deal with our debt and deficit, the sooner that we give our businesses the certainty that they will need in order to make additional investments to grow and hire."

Here Obama is simply parroting the false and self-serving propaganda of the banks and corporations. Enjoying record profits and sitting on a cash hoard of over $2 trillion—accumulated through government bailouts and wage-cutting in the midst of mounting social distress—the corporate elite declares that it cannot hire people because of "uncertainty" about taxes and regulations.

This amounts to corporate blackmail of the American people, demanding sweeping tax cuts for the wealthy, the elimination of business regulations and the gutting of social programs as the precondition for any significant increase in jobs.

This, in a nutshell, is the policy of the White House. Nothing can be done to put people back to work that in any way impinges on the wealth and profits of the richest 1 percent of the country. Moreover, as Obama well knows, big business wants to maintain high levels of unemployment in order to bludgeon workers into accepting lower wages and speedup.

Yesterday, Obama threatened to stop sending out Social Security and federal health insurance checks if a

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budget deal to raise the federal debt limit is not reached within the next few weeks.

Obama's proposal to cut Social Security benefits, which was supported by Senate Majority Leader Harry Reid on Tuesday, goes beyond even the cuts proposed by the Republican Party. The level of budget-cutting that Obama calls for, more than $4 trillion over ten years, amounts to a 10 percent reduction in federal spending. This will mean hundreds of thousands of additional job cuts at the federal level, and the dramatic lowering of living standards as a result of the gutting of social benefits will lead to far greater job losses.

The public sector presently employs 20 percent of the US work force. Government transfer payments, including Social Security, Medicare and Medicaid, make up nearly 20 percent of income in the country.

The austerity measures implemented at all levels of the government have already had a disastrous impact on the economy. Federal, state and local governments have slashed two thirds of a million personnel over the past year.

In the midst of the greatest jobs crisis since the Great Depression, there is no section of the political establishment or either of the major political parties that supports public works projects or any other measures to put people to work. Nor are there any proposals to provide relief for those being driven into poverty or those losing their homes to foreclosure.

In the name of deficit reduction, the entire political establishment is demanding that the full cost of the failure of American and world capitalism be borne by the working class.

There is no opposition to this policy of social counterrevolution from the trade unions or their allies among the liberals and the middle-class ex-left organizations. These forces, which represent well-off layers of the upper middle class, remain adamant supporters of Obama and are preparing to back his reelection campaign. They are indifferent and indeed hostile to the interests of the working class. For them, unemployment is a non-issue.

The prospect of permanent mass unemployment stands as an unanswerable indictment of the capitalist system. This is not simply an American issue. In country after country, governments, under the whip of the banks, are cutting jobs, slashing wages and eliminating social programs. Each cut only paves the way for the next round of even more brutal measures.

The Socialist Equality Party insists that a job with a livable income is a basic social right. It is, in fact, the most fundamental of all rights.

We call for an emergency multi-trillion-dollar program to provide good-paying jobs for all who need them. The resources for this program must be obtained through the expropriation of the wealth of the corporate and financial elite, which acts as a block to even the most minimal measures to address the social crisis. The major corporations must be nationalized under the democratic control of the working class so that they can be placed at the service of society as a whole.

If capitalism is incapable of meeting the most basic needs of the population, then it deserves to perish. The alternative is socialism, a society in which production is controlled democratically in the interests of social need, not private profit.

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