US jobs crisis worsened in July

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The US Labor Department reported Friday that non-farm payrolls grew by 117,000 in July and the unemployment rate declined to 9.1 percent from 9.2 percent in June. While these figures were better than the projections of economists, the employment report actually revealed that the jobs crisis in America is growing worse.

The total payroll rise of 117,000, resulting from a net gain of 154,000 private-sector jobs and a loss of 37,000 government jobs, is well below the minimum monthly increase needed just to keep pace with the normal growth of the working-age population. Even with the report's upward revision of job growth in May and June (56,000 higher than earlier estimates), the three-month average for job creation was 72,000, compared to the previous three-month average of 215,000.

The Labor Department's figure for the number of unemployed people in July, 13.9 million, was 400,000 higher than in March. The official jobless rate has now stayed above 8 percent for 30 straight months, the longest stretch of high unemployment since the Great Depression.

In a typical post-World War II economic recovery, payrolls rose by 200,000-300,000 a month. For the US economy to make up for the 6.8 million jobs lost since the recession began in December 2007, plus the 4.3 million growth of the working-age population since then, it would have to generate 400,000 new jobs every month for the next three years. In other words, to bring the unemployment rate back down to its pre-recession level three full years from now, the rate of job creation must be three times the 117,000 jobs added in July.

The 0.1 percent decline in the official jobless rate, moreover, was entirely due to the fact that 193,000 unemployed workers dropped out of the job market, not because of any increase in hiring. The number of people working in July actually declined by 38,000 from the figure for June.

The social scourge of long-term unemployment is creating a growing army of desperate and impoverished workers who have no prospects of finding a regular job. And the sweeping cuts in social spending pushed by the Obama administration and incorporated into the bipartisan deal passed this past week to raise the federal debt ceiling will further depress the economy, accelerate the growth of unemployment, and at the same time slash health care, housing aid and nutritional assistance just as millions more are unable to provide for their families on their own.

A stark measure of the mounting social crisis is the fact, included in the Labor Department report, that the labor force participation rate (the share of the population aged 16 and over working or looking for work) dropped to 63.9 percent in July, the first time it fell below 64 percent since May 1983.

Similarly, the proportion of the population with a job fell to 58.1 percent, a low not seen since July 1983. It has not been above 58.5 percent in 14 months.

The labor force, as defined by the government, is today still smaller than it was before the recession started (by more than 700,000 workers), even though the working-age population has grown by more than 7 million.

The sheer numbers of unemployed, underemployed and long-term unemployed are staggering. Some 13.9 million people are counted as unemployed. However, the government estimates that more than 25 million people (16.1 percent of the labor force in July) are either unemployed or underemployed. The latter term refers to people who want to work and are available to work, but have given up actively looking for a job, as well as the 8.4 million people working part-time but desiring a full-time job.

Perhaps the starkest expression of the social crisis is the growth of long-term unemployment. According to the Labor Department, 44.4 percent of the 13.9 million people who are unemployed—6.2 million people—have been looking for work for 27 weeks or longer. The average length of unemployment is now 40.4 weeks, compared to 21.2 weeks during the 1983 recession and 32.6 weeks one year ago.

The long-term unemployed make up 4.0 percent of the labor force. Prior to the current slump, the previous high over the past six decades for the share of the unemployed who were long-term unemployed was 26.0 percent, and the previous high over the same period for the share of long-term unemployed in the labor force was 2.6 percent, both in June 1983.

The jobless rate is even more disastrous for young workers and minority workers. In July, unemployment was 17.4 percent among workers age 16-24, up 5.7 percent since the start of the recession.

Among workers younger than 25 who are not enrolled in school, unemployment over the last year averaged 21.5 percent for those with a high school degree and 9.7 percent for those with a college degree.

The unemployment rate for teenagers was 25.0 percent in July.

The jobless rate was 9.6 percent for men, compared with 8.5 percent for women (up 4.5 and 3.6 percentage points, respectively, since the start of the recession).

The unemployment rate for whites was 8.1 percent (3.7 percentage points higher than at the start of the recession). For blacks it was 15.9 percent (6.9 percentage points higher than at the start of the recession), and for Hispanics 11.3 percent (5.0 percentage points higher than at the start of the recession).

Of the 154,000 private sector jobs added in July, 112,000 were in generally low-wage service-providing industries and 42,000 were in goods producing industries. Of the latter, the Labor Department reported that 24,000 were in manufacturing, including 12,000 in the auto and auto parts sector. However, the auto gains were "seasonally adjusted," consisting largely of "new" jobs added because the industry had fewer seasonal layoffs for plant retooling than usual.

Financial sector jobs declined by 4,000, following a 15,000 decline in June.

The relentless assault on state and municipal services and jobs, including education, continued, with 23,000 state jobs cut and 13,000 local jobs eliminated. The federal government added 2,000 jobs. Some 500,000 state and local jobs have been cut since the beginning of the current slump.

A separate report released Wednesday by the Labor Department further documented the deepening jobs crisis. The department said the unemployment rate rose in more than 90 percent of US cities in June. This was a deterioration from May, when rates rose in 56 percent of metropolitan areas. In April of this year, the jobless rate fell in nearly all metro areas.

In response to Friday's employment report, the Obama administration once again made clear it has no intention of launching any serious job-creation program or providing meaningful relief for the unemployed. Speaking at the Navy Yard in Washington, President Obama hailed the report as a positive sign of economic recovery, while acknowledging that job growth remained slow.

Saying, "We're going to get through this" and "Things will get better," he counseled patience. "We know it's going to take some time," he declared.

He then proceeded to praise the budget-cutting deal to lift the debt ceiling and reiterated his pro-business program, stressing the need to restore "business confidence" and calling for a new tax incentive for companies that hire veterans.