

# US added no net jobs in August

Barry Grey  
3 September 2011

The Labor Department's employment report for August, released Friday, showed zero growth in US payrolls. The disastrous report followed economic data showing a sharp decline in manufacturing and overall economic growth, or an outright contraction, in major economies in Europe, North America and Asia, as well as rising unemployment in Europe.

These reports make clear that there is no genuine recovery from the financial crisis that erupted three years ago, and the United States is leading the world economy into an even deeper slump.

The Labor Department reported that private-sector payrolls grew in August by a miniscule 17,000—the worst figure since February 2010 and far below the already anemic 156,000 jobs in July and 75,000 in June. The August figure was affected by last month's two-week strike by 45,000 Verizon workers, which lowered the private-sector payroll tally by that amount. However, even taking the strike into account, economists had forecast a net increase of 70,000-100,000 jobs.

The tiny private-sector gain was wiped out by the loss of 17,000 government jobs during the month. Federal government payrolls were cut by 2,000 and local governments laid off another 20,000 workers. There was a net increase of 5,000 state government jobs, but the increase was entirely due to the end of the government shutdown in Minnesota, which added 22,000 workers to state government payrolls.

State and local governments in the US have shed 671,000 jobs since their peak in August 2008.

The grim news on August payrolls was compounded by a downward revision of job growth for the previous two months. The Labor Department said US employers added a net 85,000 jobs in July instead of the initially reported 117,000, and a mere 20,000 in June as compared to the previously reported 46,000. Government job cuts accounted for the entire 58,000-job downward revision.

In a further indication of the depth of the jobs crisis, the Labor Department reported declines in both weekly hours of work and weekly earnings. The length of the average workweek declined in August to 34.2 hours. Average hours have fallen in the last three months and have seen no net growth over the last year.

Hourly wages declined by 3 cents in August. Over the past three

months, wages have grown at a 1.2 percent annualized rate. Over the past year they have increased by a mere 1.9 percent, far below the pre-recession growth rate and less than the rise in the cost of living. With the decline in both hours and wages in August, average weekly wages dropped at a 4.9 percent annualized rate.

The official unemployment rate did not rise and remained at July's rate of 9.1 percent. This was due to the departure of additional discouraged job-seekers from what the government counts as the labor force and a sharp increase in "involuntary" part-time workers. The ranks of those wanting full-time employment but working part-time increased by 430,000 in August, a figure that reflects the increasing desperation of jobless workers.

The official US unemployment rate has been above 9 percent in all except two months since May 2009. The rate has been above 8 percent longer than any period since the Great Depression of the 1930s.

Some 14 million people in the US are currently counted as unemployed. The government's broader—and more accurate—measure of the jobs crisis, which includes workers who have given up actively looking for a job and involuntary part-time workers, rose to 16.2 percent in August from 16.1 percent in July. This means 25.3 million people were either unemployed or underemployed last month.

Even this measure seriously underestimates the scale of the jobs crisis. Both the labor force participation rate and the share of the working-age population that is employed are at historic lows. The Economic Policy Institute (EPI), a liberal Washington think tank, estimates the total jobs gap—the 6.9 million jobs lost since the start of the recession and the 4.3 million jobs needed to keep pace with the growth of the working-age population—at 11.2 million jobs. To fill that gap over five years would mean adding 280,000 jobs each month. By comparison, over the past three months, the economy added just 35,000 net jobs, on average.

The EPI estimates that at the current rate of job growth, it will take 15 years to get back to the pre-recession unemployment rate.

One of the starkest indices of the social crisis is the staggering level of long-term unemployment. Over two-fifths (42.9 percent) of the 14 million people who are unemployed—6.0 million—have been looking for work for 27 weeks or longer. These long-term unemployed represent 3.9 percent of the labor force. Prior to the

current recession, the previous highs for these statistics over the past six decades were 26.0 percent and 2.6 percent, respectively, in June 1983.

The number of workers who have been jobless for more than a year was 4.5 million in August, up from 4.4 million one year ago.

For minority workers and young workers, the jobs crisis has already reached Depression levels. Unemployment among African Americans was 16.7 percent in August, the highest level since 1984 and an increase of 7.7 percentage points since the official beginning of the recession in December 2007. The jobless rate for Hispanics was 11.3 percent, up 5.0 percentage points since the start of the downturn.

Among workers age 16-24, the jobless rate was 17.7 percent, a rise of 6.0 percent since the onset 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.

In a separate report released last week, the Labor Department said: "This year, the share of young people who were employed in July was 48.8 percent, the lowest July rate on record for the series, which began in 1948."

Payroll declines in manufacturing and construction reversed earlier gains and underscored the regression in the basic economy. Manufacturing lost 3,000 jobs after adding an average of 19,000 a month over the prior three months. Construction lost 5,000 after adding an average of 1,000 a month over the prior three months.

Employment in retail trade dropped by 8,000, after increasing by 14,000 on average in the prior three months.

The response of the Obama administration to the dire jobs report was utterly perfunctory. It combined cynicism with indifference to the plight of the working class. Obama did not even bother to issue his own statement before departing for the weekend to the presidential retreat at Camp David, Maryland.

Rather than advancing any new proposals to meet the economic emergency, the White House issued a statement reiterating Obama's appeal for Congress to pass a pending transportation bill. Katherine Abraham, a member of Obama's Council of Economic Advisers, issued a statement exuding complacency. It began by implying that the jobs report contained a silver lining: "The unemployment rate remained unchanged at 9.1 percent ... the economy has added private-sector jobs for 18 straight months for a total of 2.4 million jobs over that period."

It then cautioned against taking the jobs figures too seriously: "Monthly employment and unemployment numbers are volatile and employment estimates are subject to substantial revision ... as the administration always stresses, it is important not to read too much into any one monthly report."

The statement concluded by pointing to Obama's promise to reveal a plan to create jobs and revive the economy in a speech next Thursday before a joint session of Congress. In keeping with the line of the White House, Abraham emphasized the "bipartisan" character of the president's proposals.

Labor Secretary Hilda Solis similarly used the jobs report to promote Obama's upcoming speech, saying, "Next Thursday, President Obama will outline a bipartisan plan to create jobs and generate growth that pulls the best ideas from both political parties. If Congress is serious about job creation, the package will pass."

The emphasis on a "bipartisan" approach is meant to reassure the corporate and financial elite that no measures will be taken that either impinge on the revenues and profits of big business or rapidly bring the jobless level down to more normal levels. The administration has signaled that Obama will propose no government public works programs or other direct hiring schemes, and instead will call for an extension of long-term jobless benefits and payroll tax cuts, a token level of federal funding for local projects to refurbish schools, and a tax windfall for companies that hire new workers.

This, in turn, will be used to justify proposals to increase cuts in basic social programs and other deficit-reduction measures from the \$1.5 trillion mandated under last month's legislation raising the debt ceiling to the \$4 trillion Obama had proposed in July.

While the ruling class does not want to see a full-scale depression, which would wreak havoc on the financial system and lead to social upheavals, it has little interest in bringing a rapid end to mass unemployment.

Backed by the Obama administration, the corporations have used the high levels of unemployment to batter down the wages, benefits and working conditions of the working class. On the basis of ruthless cost-cutting and downsizing, US corporations have reaped huge profits over the past two years.

On Thursday, the White House's Office of Management and Budget released a revised assessment of the US economy that projected unemployment to remain at or above 9.0 percent in 2012 and sharply downgraded its previous estimate of US economic growth for this year and next. The same report showed that US corporate profits rose from \$906 billion in 2009 to \$1.322 trillion in 2011—an increase of 46 percent. Over the same period, total employee compensation grew by a paltry 5.7 percent.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**