Another miserable US jobs report

Barry Grey
8 October 2011

US payrolls grew at a snail's pace in September, far more slowly than required to bring down near-depression levels of unemployment, while the crisis of long-term joblessness worsened, according to the Labor Department's monthly employment report, released Friday.

There was a net increase in non-farm jobs of 103,000, the result of an increase of 137,000 private-sector jobs and a loss of 34,000 government jobs. Economists estimate that it takes a net gain of at least 150,000 jobs per month to keep pace with normal population growth, so a figure of 103,000 heralds a further growth of joblessness.

Even the miserable figure of 103,000 is greatly inflated, since nearly half of the "new" jobs—45,000—are accounted for by the return to work of Verizon workers who struck for two weeks in August.

The response of the Obama administration to Friday's dismal employment report exuded complacency and indifference. Administration spokesmen uniformly hailed the report as a positive indication of an ongoing recovery, which, however, was not proceeding rapidly enough, and used the report to promote Obama's American Jobs Act.

The payroll figures for August and July were revised upward by a combined 99,000, but that only brought the average monthly payroll gain since April to 72,000. As the Economic Policy Institute (EPI), a liberal Washington think tank, pointed out in its analysis of the jobs report, the rate of job-creation since April is sharply lower than the prior 14 months (123,000) and "that didn't do much more than keep up with population increases."

Predicting that the official unemployment rate, which remained at 9.1 percent for the third straight month in September, will begin rising again, the EPI wrote: "This country has 14 million unemployed people, and the job growth rate has unmistakably *slowed down* since the spring" (emphasis in the original).

In the first half of this year the economy grew at the slowest pace since the recession, which began in December 2007, officially ended in June 2009. The total number of people counted as officially unemployed rose in September by 25,000.

The minimal increase in private-sector jobs was partially offset by the continuing onslaught on public-sector jobs. Of the 34,000 reduction in government jobs, 33,000 were in state and local governments, which have shed 641,000 jobs over the past three years.

Almost half of that decline (278,000) has come from cuts in local public schools, which needed to add 48,000 teachers and education workers just to keep pace with increasing enrollment—adding up to a public education gap of 326,000 jobs. Of the 34,000 government jobs shed last month, 27,000 were those of teachers and other education workers.

The depth of the jobs crisis and the resulting social distress is more accurately reflected in the Labor Department's figures on so-called "underemployment" and long-term unemployment than in the headline numbers for payroll growth and the official jobless rate. What the government calls the underemployment rate—in actuality a more accurate measure of joblessness—rose in September to 16.5 percent from the previous month's 16.2 percent. This is the highest underemployment rate this year.

This category adds to those counted as officially unemployed those workers who want a job but have recently given up looking and those who want to work full-time but have been forced to take a part-time position. In September, a staggering total of 25.8 million workers belonged to this category (14.0 million officially unemployed, 2.6 million counted as "marginally attached" to the labor force, and 9.3 million "involuntary" part-time workers).

Even more indicative of the state of social conditions in the US, after more than two years of nearly double-digit unemployment, is the fact that the average unemployed American has been out of work for a longer period than at any time since records began being kept in 1948—63 years ago. The average duration of unemployment rose to 40.5 weeks in September, up from 40.3 weeks in August.

To put this figure in perspective, through the end of the 1980s, the average length of joblessness ranged between 10 and 15 weeks. Until May 2009 it never exceeded 21.2 weeks, the high point reached in the recession of the early 1980s. Today it is nearly twice that.

Some 6.2 million people, or 44.6 percent of unemployed Americans, were out of a job for more than six months in September. This is close to the record long-term jobless rate of 45.6 percent reached in the spring of 2010. The number of workers unemployed for more than six months increased by 208,000 in September. The number who had been jobless for more than a year was 4.4 million, up from 4.3 million a year ago.

These figures reflect a level of social devastation that corresponds not to a supposed "recovery," but rather to a depression.

As the EPI noted: "More than two years into the official recovery, the United States has yet to produce anything close to the rate of job growth that will put its backlog of unemployed workers back to work *before the end of the decade*" (emphasis in the original).

Young workers and minorities have been particularly hard hit by the economic crisis. Unemployment in September was 17.4 percent among workers age 16-24. Among workers younger than age 25 who are not enrolled in school, unemployment over the last year averaged 21.6 percent for those with a high school degree and 9.6 percent for those with a college degree.

Among those workers with only a high school degree, unemployment was 9.7 percent. For those with a college degree it was 4.2 percent. But all education categories have seen their jobless rates roughly double over the past four years.

Unemployment in September was 16.0 percent for African-American workers and 11.3 percent for Hispanic workers.

Among the industries adding jobs in September were construction, retail, temporary help services and health care. However, manufacturing employment fell by 13,000, its second straight monthly decline.

The US Postal Service cut 5,000 jobs in the course of the month. It has announced plans to close hundreds of facilities and slash 220,000 jobs by 2015.

Friday's employment report comes on the heels of other reports pointing to a deepening of the slump.

On Thursday, the Labor Department reported that initial claims for state unemployment benefits rose 6,000 last week to a seasonally adjusted 401,000. And the placement firm Challenger, Gray & Christmas reported that announced layoffs soared in September to the highest level in more than two years.

Employers last month announced plans to cut 115,730 jobs compared with 51,114 in August and 37,151 a year ago. As a result of the layoff announcements in September, the total number announced in the third quarter—233,258—was more than double the level of the second quarter and the highest since 2009.

Other recent reports reflect the depth of the social crisis facing millions of American workers and young people. The US Census Bureau on Thursday reported that the percentage of Americans who own their own home has suffered its steepest decline since the Great Depression. The rate of home ownership fell to 65.1 percent in April 2010, 1.1 percent lower than in 2000. This was the biggest drop over a decade since the 1930s, when home ownership plunged 4.2 percent.

However, the drop-off from the peak of home ownership at the height of the housing bubble in the middle of the 2000s was more than 4 percentage points.

A recent survey conducted by the Pew Research Center reported that the biggest increase in the number of Americans living in multi-generational households in modern history has occurred in the last three years. Mass unemployment has forced millions of people to move in with relatives. As a result, more than one in six people in the US are living in such households.

Labor Secretary Hilda Solis on Friday spoke of the report "exceeding expectations" and added, "I am encouraged by much of the recent data we're seeing, but we know more must be done to speed our recovery… The policies this administration has pursued have added jobs back into the economy, but we need to work faster and on an even bigger scale."

Katherine Abraham, a member of the White House Council of Economic Advisers, described the September jobless rate as "unacceptably high," but went on to boast: "Despite a slowdown in economic growth from substantial headwinds… the economy has added private sector jobs for 19 straight months, for a total of 2.6 million jobs over that period."

She neglected to mention that hundreds of thousands of public-sector jobs have been destroyed and that 6.6 million jobs have been lost in all since the start of the recession. To make up the jobs gap resulting from the loss of those jobs and the new ones needed to keep pace with the growth in the working-age population, the economy would have to generate 11.1 million new jobs.

Obama touted his American Jobs Act at a Thursday press conference called in advance of Friday's employment report. This token bill, which economists estimate would create considerably less than a million jobs, consists largely of more tax incentives for businesses combined with a cut in Social Security payroll taxes for companies as well as workers. That will deprive the Social Security Trust Fund of hundreds of billions in revenues.

Most of the cost of the bill would be covered by hundreds of billions in cuts in social spending over the next decade, including major reductions in Medicare and Medicaid, the basic health care insurance programs for the elderly and the poor.

Obama and the Democrats are cynically promoting this phony "jobs bill" by linking it to a tax surcharge on millionaires—something they well know will never be passed by Congress. In any event, they are pushing for bipartisan agreement on a comprehensive tax "reform" that would sharply lower tax rates for corporations and the wealthy.