

US jobless toll—a failure of capitalism

Patrick Martin
7 May 2012

Friday's US jobless report, the most dismal so far this year, demonstrates the complete failure of the capitalist system to provide jobs for the unemployed. Nearly five years after the official beginning of the recession, and nearly four years since the collapse of Lehman Brothers triggered a worldwide financial panic, there has been no significant recovery for working people.

Corporate profits are at pre-slump highs, CEO pay is soaring, the wealth of the multimillionaires has reached new levels of obscenity. But working-class living standards continue to fall, not only in the United States, but in Europe, Asia and throughout the world. In every country the watchword is the same: austerity for the masses, while the ruling elites have never had it so good.

More detailed analysis of the statistics provided by the US Department of Labor confirms the historic character of the stagnation in jobs and income for working people. One key metric is the labor-force participation rate, the proportion of the adult population that is engaged in paid labor. This fell to 63.6 percent in April, the lowest figure since 1981, when millions of women still worked only in the home and so were not counted.

The labor force participation rate has declined steadily throughout the slump that began in 2007. This fall accelerated in the course of the past 12 months, when nearly 2.7 million people dropped out of the labor force. The majority of these are workers older than 55, who face widespread age discrimination and little prospect of new employment.

The pace of job creation over the past three years is far below the level required to restore employment to pre-slump levels. Based on the 200,000 jobs per month average added during December through February, it would take until 2020 for the US to return to the employment levels of 2006. Based on the 130,000 jobs per month average of March and April, it would take even longer.

Nearly 23 million American workers are either unemployed or working only part-time when they want full-time jobs. Of these, some 2.4 million have stopped

looking for work altogether, while 5.3 million have been jobless for at least six months. The average duration of unemployment is 39 weeks—nine months.

According the Department of Labor, so-called “discouraged” workers have good reason to feel that way. Workers unemployed for fewer than five weeks have a re-employment rate of 31 percent. Workers unemployed for more than a year have just a 9 percent chance of finding a new job.

On top of joblessness is the stagnation in earnings. During the month of April, average hourly pre-tax wages for non-supervisory workers rose by only a penny, to \$23.38. Average weekly wages have risen by 2.1 percent over the past year, while prices have risen more than 3 percent: in effect, the entire working class is taking a pay cut, while corporate profits reach new records.

In the face of the dismal job-creation record of American capitalism, the presidential candidates of the two big business parties declare their redoubled faith in the profit system. Republican Mitt Romney, a longtime venture capitalist with a personal fortune exceeding \$250 million, naturally endorses the system that has made him wealthy. His economic policy is to award more tax breaks to the wealthy, under conditions where Corporate America is already sitting on a cash hoard of more than \$2 trillion, refusing to invest it in developing the productive capacity of the economy or providing jobs.

Even more contemptuous of the people is the Democratic incumbent, Barack Obama, who combines demagogic populist phrases with an economic program just as right-wing and pro-capitalist as the Republicans. Obama formally launched his reelection campaign with two rallies Saturday on college campuses in Ohio and Virginia. At each rally he repeated a series of pro-business bromides that could just as well have come out of Romney's mouth.

Obama declared: “We believe the free market is one of the greatest forces for progress in human history; that businesses are the engine of growth; that risk-takers and innovators should be rewarded.” He went on to hail the

bailout of the auto industry, paid for by slashing the wages of new hires by 50 percent, as well as cutting the pensions and health benefits of retired workers.

The “free market” actually means the domination of economic life by giant monopolies that treat their own employees and the working class as a whole with complete ruthlessness. There is no “freedom” inside Corporate America except the freedom of bosses to hike their own salaries while cutting the jobs, pay and benefits of the workers who actually produce the wealth.

The Socialist Equality Party rejects the pro-capitalist consensus of official American politics. The SEP candidates for president and vice president, Jerry White and Phyllis Scherrer, are the only candidates who tell the truth to the working class.

Big business is the cause of the economic crisis confronting tens of millions of working people, not the solution. The defense of jobs and living standards requires the independent mobilization of the working class against the profit system.

We demand the reorganization of economic life on the basis of a rational plan, to serve the needs of the people, not the profits of a few. The working class must place the giant corporations under public ownership and democratic control. Millions of new jobs must be created, beginning with an emergency program of public works to rebuild the crumbling infrastructure of the cities, provide housing for the homeless and greatly expand public services like education and health care.

For more information about the SEP 2012 campaign, visit www.socialequality.com

Patrick Martin



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact