US jobs report for June shows continued economic stagnation

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The US job market remains in the doldrums, with only 80,000 net new jobs created in June according to figures reported Friday by the Bureau of Labor Statistics. It was the third consecutive month in which fewer than 100,000 net jobs were created, far below the pace required to reduce joblessness.

The official jobless total is 12.7 million. At the rate of job creation in June, it would take the US economy 159 months—more than 13 years—to provide jobs for all those who are now unemployed. That does not take into account any increase in the workforce due to population growth, or the fact that the real jobless total, counting those who have dropped out of the labor force but would come back if work were available, is some 23 million.

While the unemployment rate remained unchanged at 8.2 percent, June was the 40th consecutive month with the jobless rate at 8 percent or above, the longest such period since the Great Depression of the 1930s. When discouraged workers and those working part-time who want full-time work are included, the jobless rate for June rises to 14.9 percent, down only marginally from the all-time high of 17.4 percent in October 2009 and nearly double the rate in 2007.

The increase of 80,000 jobs was even weaker than it appears, since 25,000 of these jobs were accounted for by temporary help agencies, the largest single contributor to the increase. Professional and business services other than temps added 22,000 jobs; health care added 13,000; manufacturing, 11,000; construction, 2,000. Retails jobs actually declined by 5,000.

The total number of government jobs fell 4,000, continuing a decline that has wiped out 627,000 jobs, the bulk of them in local governments, particularly public schools, over the past three years. According to an analysis by the Economic Policy Institute, the overall ripple effect of the wiping out of these public-sector jobs has been to cut total US employment by 2.3 million jobs.

The drastic decline in public-sector employment is just one aspect of a broader restructuring of the American workforce, only dimly discernible in the month-to-month figures. For example, temporary help services have nearly regained the level of employment of the period before the official start of the recession in last quarter of 2007. Since the number of employed workers is still nearly 5 million lower, the proportion of temporary workers has increased significantly.

The labor force participation rate—the proportion of the population that is either working or seeking work—has fallen significantly since the end of 2007, from 66 percent to 63.8 percent. If the workers who have dropped out of the labor force over that nearly five-year period were to return, there would be 3.6 million more people seeking jobs and the unemployment rate would be well over 10 percent.

Long-term unemployment has become pervasive and semi-permanent. In 2007, only 17.5 percent of the unemployed had been out of work for more than six months. The proportion of long-term unemployed reached a record high of 45.5 percent in March 2011 and has dropped only slightly since then, standing at 41.9 percent last month. Unemployed workers now require on average nine months to find a new job.

The sections of the working class hardest hit by unemployment include the youth, the elderly, and racial and ethnic minorities. Workers younger than 25 with a high school degree and not enrolled in college have a staggering 21.0 percent unemployment rate, while those under 25 with a college degree have an 8.3 percent rate. The unemployment rate in June was 14.4

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percent for black workers and 11.0 percent for Hispanic workers.

The release of the jobless figures was the occasion of posturing and mutual finger-pointing on the part of President Obama and his Republican challenger Mitt Romney.

The White House hailed the 28th consecutive month of private-sector job growth, however anemic, while reiterating that the slump was triggered by the financial crisis that erupted under the Bush administration.

Alan Krueger, chairman of the Council of Economic Advisers, issued a perfunctory statement, saying: "While the economy is continuing to heal from the worst economic downturn since the Great Depression, much more remains to be done to repair the damage from the financial crisis and deep recession that followed."

He made clear that the Obama administration will not shift from its rejection of any government job schemes, reiterating the White House mantra that Congress should pass Obama's proposals for token aid to cities and states and new tax breaks for business.

Obama himself, speaking at a campaign rally in Ohio, could scarcely disguise his indifference to the plight of the jobless, making no mention of the newly released unemployment figures until halfway through his 40-minute address.

His Republican opponent stated the obvious: "The president's policies have clearly not been successful in reigniting this economy, in putting people back to work… American families are struggling. There's a lot of misery in America today."

Romney's only proposal, however, was to increase the misery by slashing government spending on social programs that sustain the unemployed and underemployed, while cutting taxes for corporations and the wealthy and loosening regulations on business.

Both these multi-millionaire candidates are political representatives of big business. They both seek to disguise the real cause of the jobs crisis and prevent workers from drawing the necessary political conclusions.

The protracted economic slump and its most pernicious consequence, long-term mass unemployment, are a demonstration of the failure of American and world capitalism. The profit system has proven incapable of generating the jobs required to ensure a decent life for tens of millions of working people.

While rejecting any programs to create jobs, both capitalist parties are pushing ahead with policies that punish unemployed workers for a crisis caused by the corporate-financial elite. Extended unemployment benefits have begun expiring in state after state, with half a million jobless workers facing a complete cutoff of benefits by the end of the summer, according to an estimate by the Center on Budget and Policy Priorities.

The three remaining states that provide 99 weeks of unemployment benefits, Nevada, Rhode Island and New Jersey, will stop doing so by September. Only one state, Idaho, still pays extended benefits from its own funds, while emergency unemployment insurance, paid for by the federal government, has been cut by 6 to 14 weeks, depending on the unemployment rate in the states affected. The one-year extension of the federal program expires in December, although the jobless rate is likely to remain above the 8 percent mark.

The Socialist Equality Party offers the only genuine alternative for working people, both employed and unemployed. Our candidates, Jerry White for president and Phyllis Scherrer for vice president, say that the working class must answer the failure of capitalism by advancing a bold socialist alternative: the reorganization of economic life on the basis of public ownership of the banks and giant corporations and democratic, rational planning, to guarantee jobs and decent living standards for all. For more information on the SEP campaign, visit www.socialequality.com.

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