

# Another dismal US jobs report

Andre Damon  
8 September 2012

Less than 12 hours after US President Barack Obama gave his speech at the Democratic National Convention, a disastrous jobs report released Friday shattered the administration's pretenses to be presiding over an economic recovery.

The US economy added only 96,000 jobs in August, less than the 130,000 needed to keep up with population growth, the Labor Department reported. The unemployment rate fell as hundreds of thousands simply dropped out of the labor market, losing any hope of finding work.

Last month, 368,000 people gave up looking for work, according to the monthly survey of households, which is used to calculate the unemployment figures. That survey also showed that the number of people who said they had a job fell by 119,000 in July.

The most dramatic impact of the mass exodus from the labor force came from young adults. Even after accounting for the resumption of classes, there were an astonishing 453,000 fewer young adults with jobs in August, but only 27,000 more of them were looking for work than in July. That means that the majority of them simply left the labor force. The unemployment rate for young people in the US rose to 16.8 percent last month, up from 16.4 percent.

The Obama administration sought to dismiss the disastrous character of the jobs report.

"Today's employment report provides further evidence that the US economy is continuing to recover," White House Council of Economic Advisers Chairman Alan Krueger said. "It is critical that we continue the policies that are building an economy that works for the middle class as we dig our way out of the

deep hole that was caused by the severe recession that began in December 2007."

After praising the jobs report, Obama said in remarks in Portsmouth, New Hampshire that it was "not good enough." He called for Republicans to pass his "jobs" proposals, which he claimed would add one million jobs. In fact, the administration's plan is a list of corporate handouts and tax breaks that would do nothing to address the unemployment crisis.

The jobs figures for June and July were also revised downward. Only 54,000 jobs were created in June, down from 64,000, and the figure for July was cut from 163,000 to 141,000.

The labor force participation rate fell to 63.5 percent, the lowest level since 1981. Meanwhile, the portion of the working-age population that holds a job fell to 58.3 percent.

The manufacturing sector lost 15,000 jobs last month, while construction remained essentially unchanged.

Government payrolls were slashed by 7,000. Since August 2008, the public sector has shed 680,000 jobs, about half of which came from laying off teachers and other education staff.

Although payrolls have shown a nominal increase for 30 consecutive months, there are still 4.7 million fewer jobs than in December 2007. As a report by the Economic Policy Institute noted, the US economy would "need to add around 350,000 jobs a month to get back to the pre-recession unemployment rate in three years."

Average hourly earnings last month fell by 1 cent to

\$23.52. In the past year, earnings have risen by only 1.7 percent, not enough to keep up with the rise in prices.

The weak jobs figures came after US factory orders shrank for a third consecutive month, according to a survey released Tuesday by the Institute for Supply Management. The organization's index of manufacturing activity fell to 49.6 in August, down from 49.8 in July. Readings below 50 indicate contraction.

The disastrous figures in the United States compliment a string of gloomy statistics from around the world. Manufacturing in the 17-nation euro zone shrank for the thirteenth consecutive month, according to figures released last week. The Markit manufacturing Purchasing Managers' Index (PMI) for the euro zone was revised downward to 45.1 from an earlier estimate of 45.3. Germany, the region's strongest economy, was hard hit, as exports fell to their lowest level in three years.

Manufacturing in China, the powerhouse of the Asian economy, contracted at its sharpest rate since the depths of the 2008-09 downturn. HSBC said its China manufacturing Purchasing Managers' Index for August fell to 47.6, the lowest level since March 2009. This was down from 49.3 the month before.

Despite the continued persistence of mass unemployment in the United States, both parties are continuing with their plans to let federal extended unemployment benefits lapse at the start of next year, which will abruptly end unemployment payments to two million people the week after Christmas.

Commenting on Friday's report, Chad Stone, Chief Economist of the Center on Budget and Policy Priorities, said, "Policymakers have enacted emergency federal UI in every major recession since 1958, and they have never allowed any of these previous programs to expire before unemployment fell to 7.2 percent or lower."

If the extended unemployment benefits are allowed to lapse, then only about one quarter of unemployed people would be receiving jobless benefits, the lowest

proportion on record, according to the Economic Policy Institute.

The latest jobs report, and the response it has produced from both parties, points to the truth about mass unemployment in the United States. Far from being seen in ruling circles as undesirable, mass unemployment is being used to drive down wages and impose speedups, with the aim of boosting the profits of the corporations and banks that control both the Democratic and Republican parties.



To contact the WSWWS and the Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**