

Anemic US jobs report points to ongoing slump

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The US Labor Department said Friday that the economy added 175,000 jobs in May, barely enough to keep up with the increase in population, in another month of tepid jobs growth.

The meager growth in payrolls was insufficient to drive down the unemployment rate, which rose to 7.6 percent, up from 7.5 percent in April. The report also revised downwardly the April estimate for jobs growth from 165,000 to 149,000.

As significant as the number of jobs added is the fact that all of the increase is attributable to the growth of service-sector jobs, mainly low-wage employment, while goods-producing jobs and government jobs declined.

Stocks rose at the news, spurred on by what one commentator said Wall Street called the “Goldilocks Jobs Report,” which was “Not too hot, not too cold.” Stock and bond values had fluctuated violently throughout the week on fears that any significant improvement in the jobs situation would prompt the Federal Reserve to pare back its \$85 billion in monthly asset purchases. The continual flood of money into the market has inflated the stock values and the bank accounts of the wealthy.

“May’s job growth would be considered solid in an economy that had already largely recovered from the recession, but it is well below the sustained job growth of 200,000 to 300,000 a month that would mark a robust jobs recovery,” said Chad Stone, chief economist at the Center on Budget and Policy Priorities.

The US has recovered only six million out of the 8.5 million jobs lost during the recession. However since the beginning of the economic “recovery” in 2009, the working age population has increased by six million, meaning that the gain in jobs relative to population

growth has been essentially zero.

The share of the US population that is employed remained at 58.6 percent in May, largely unchanged from what it has been since 2009 and down from 62.7 percent in December 2007.

“At the job growth rate of the last year, we will still have a deficit of 4.6 million jobs in May 2016,” wrote Heidi Shierholz, an economist at the Economic Policy Institute, in response to the jobs report.

Significantly, US manufacturing employment contracted by 8,000 jobs, pointing to the weakness of demand resulting from the global economic slump. Construction added only 7,000 jobs, and the entire goods-producing sector actually lost 1,000 jobs.

The vast majority of the jobs added in May were low-skilled and low-wage, such as food service and home health aides. Professional and business services added 57,000 jobs, nearly half of which (26,000) came from temporary employment.

Food service added 38,000 jobs. The typical food preparation worker receives \$9.18 per hour, or \$19,100 per year, according to the Bureau of Labor Statistics. The museums, gambling, and recreation sectors added 12,500 jobs.

Private education and health services added 25,600 jobs, including 6,900 in home health care services, mostly consisting of home health care aids, who have a median pay of \$9.70 per hour.

Last month, the federal government slashed 14,000 jobs, including 3,800 jobs in the postal service, which were partially offset by an increase in local government employment, leaving the total number of government employees down by 3,000.

The steady decline in federal employment is in addition to furloughs for hundreds of thousands of federal government employees, leading to pay cuts up

to 20 percent.

Since June 2009, the public sector as a whole has eliminated 737,000 jobs, nearly half of which have been in state and local education.

The millions of people who remain out of work are having any remaining government assistance taken away from them. Two million people had their unemployment benefits cut back by up to 20 percent due to the “sequester” budget cuts. Many have been cut from the rolls altogether as a result of cuts by states throughout the country.

The U-6 unemployment rate, which includes those working part-time for economic reasons, remained essentially unchanged at 13.8 percent, meaning that 22 million people in the US are either unemployed or underemployed.

Wages continue to stagnate. Average hourly earnings rose by only one cent in May, to \$23.89, and were up by only 2 percent over the past year, a level of wage growth significantly lower than pre-recession levels. Between 2007 and 2011, the US median household income plunged by 11.6 percent, from \$57,143 (in 2011 dollars) to \$50,502.

The release of the May jobs figures followed a week of negative economic data in the US. On Monday, the Institute for Supply Management said its purchasing managers index (PMI) fell to 49 in May, down from 50.7 in April.

The May jobs report points to the fact that there has been no economic recovery for working people in the United States: millions remain unemployed, and millions more have left the labor force because no jobs are available. Wages, which have plunged in real terms since 2008, remain stagnant, while government assistance for the poor and unemployed is being slashed.



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