

Mediocre US jobs report points to ongoing unemployment crisis

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The US economy added 209,000 jobs in July, below analysts' predictions and representing the lowest pace of job creation since March. The figure, released Friday by the Labor Department, is significantly lower than the 289,000 jobs created in June, and less than the amount of jobs needed to keep up with population growth.

The unemployment rate, which is based on a separate survey from the payrolls figure, went up slightly from 6.1 percent to 6.2 percent. Economists' had expected payrolls to increase by between 227,000 and 250,000.

The jobs that were created were disproportionately in the low-wage and part-time industries in the service sector, and the jobs report showed that workers' wages remain stagnant. Only about a quarter of the jobs created in July were in the goods-producing sector, while three-quarters were in the service sector.

The retail sector and food service sectors, both of which disproportionately pay minimum wage, added 26,700 and 18,600 jobs, respectively. Ambulatory health care services, which include mostly low-paid medical assistants and medical secretaries, added 21,000 jobs.

In fact, a disproportionate number of jobs created during the economic "recovery" pay less than \$13 per hour, according to a report issued earlier this year by the National Employment Law Project. While US businesses have on the whole added 1.85 million low-wage jobs over the past six years, they have eliminated 1.83 million medium-wage and high-wage jobs, according to the report.

The Obama Administration welcomed the jobs report as a sign of economic turnaround. "The good news is the economy clearly is getting stronger," Obama said at a press conference in Washington... Things are getting better. Our engines are revving a little bit louder."

While the share of adults who are either working or looking for work, known as the labor force participation rate, ticked up slightly last month, to 62.9 percent, it remains far below its peak in 2000, when it stood at 67.2 percent.

"The participation rate is at lows not seen since 1978," wrote Joshua Shapiro, chief United States economist for MFR, in a note to clients quoted in the New York Times. "And therefore conditions in the labor market are certainly worse than indicated" by the reduction of the official unemployment rate, he concluded.

If workers who have dropped out of the labor force were counted, the unemployment rate would be 9.6 percent, according to figures from the Economic Policy Institute. There were 5,860,000 such "missing workers" in June 2014, according to the organization.

The number of "missing workers" has grown substantially. In 2008, the figure stood at 180,000, but had risen to 3.9 million by September 2011. Now, their ranks have grown to nearly six million.

Average wages increased by a penny last month and were up by about 2 percent compared to a year ago. But this increase was entirely wiped out by the rise of inflation, which stood at 2.1 percent over the past 12 months.

There are 7.5 million people in the US who work part-time for economic reasons, according to the report. These workers work less than 40 hours a week but would like a full-time position. The number of people who have been out of work for 27 weeks or more remained at 3.2 million in July.

US stock markets initially responded positively to the worse-than-expected jobs report, which, according to the New York Times, helped "to calm concerns on Wall Street that the economy was about to accelerate to

a point where the Federal Reserve would be under pressure to start raising rates earlier than anticipated.” This fact serves to emphasize the reality that the current boom in the stock market is totally unrelated to any improvement in economic conditions, and is rather the result of the massive infusions of cash into the financial system by the Federal Reserve.

The jobs report came as the cutoff of extended federal jobless benefits for those unemployed for more than 27 weeks entered its eighth month and the number of people whose benefits have been cut off stood at over three million. While the Democrats had earlier this year pledged to wage a major campaign to extend long-term jobless benefits, they have now almost entirely dropped the issue.



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