

Year-low US job growth in August

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The US economy added fewer jobs last month than any other month this year, according to the latest US jobs report, published Friday by the Labor Department.

US employers added 142,000 jobs in August, far lower than the average of more than 200,000 for the prior twelve months, and below the 230,000 that had been forecast by economists.

In addition to the worse-than-expected statistics for August, the report revised down estimates for job growth in earlier months by 28,000.

Stocks rallied at the dismal jobs report, reflecting the perverse relationship between the real economy and the financial markets, which interpret any worsening of the economic situation as a signal that the Federal Reserve will be reluctant to raise interest rates and slow its “Quantitative easing” asset purchases.

The S&P 500 hit a new record Friday, closing up by 10 points, or 0.5 percent, to 2,007. The NASDAQ also rose by .45 percent, to 4,582, and the Dow Jones industrial average rose by 0.4 percent, to 17,137.

While the stock market sets record after record, fueled by zero-interest rate policies and cash infusions from the world’s central banks, the real economy and conditions for working people show no signs of improvement.

The unemployment rate fell to 6.1 percent, as 268,000 people gave up looking for jobs and left the workforce. The number of such “missing workers” grew to 5.91 million last month, according to figures from the Economic Policy Institute.

The labor force participation rate fell to 62.8 percent, its lowest level in three-and-a-half decades, as the number of adults not in the labor force hit a new record.

Wages were flat over the previous twelve months, with a 2.1 percent nominal wage increase wiped out by a 2 percent inflation rate over the same period.

While there were zero jobs added in manufacturing, the economy added 112,000 jobs in the service sector,

which pays significantly lower median wages than goods-producing industries. The healthcare sector added 42,000 jobs, while bars and restaurants added 21,500.

Temporary help services added 13,000 jobs. Earlier this month, the National Employment Law Project (NELP) reported that both the number of people working for labor contractors and the percentage of the workforce employed by such companies have hit record highs.



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