# US labor force participation rate hits lowest level in nearly four decades

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The latest US jobs report, released Thursday by the Labor Department, has been greeted as another sign of "economic recovery" by the US political establishment. Speaking in La Crosse, Wisconsin, President Obama praised the June jobs report as pointing to a "record streak of private sector job growth."

On paper, the jobs report appears to show a modest improvement: the US economy added 223,000 jobs, only slightly lower than average over the past year, while the unemployment rate fell by 0.2 percentage points, to 5.3 percent.

But any serious look at the latest figures reveals why Jim Clifton, head of the Gallup polling agency, has denounced the official unemployment rate as a "big lie" that largely ignores the continued prevalence of mass unemployment in the United States.

The share of the US population that is either employed or actively trying to find work, known as the labor force participation rate, has fallen to its lowest level in 38 years.

The last time this figure was below its present level of 62.6 was 1977, before tens of millions of women entered the labor force.

The US labor force participation rate for men, meanwhile, last month hit its lowest level ever on records dating back nearly seven decades. In 1948, 86 percent of men of working age were engaged in the labor force: now, that figure is down to 69 percent: a decline of 17 percentage points.

For adults aged 25 to 54, there has been no increase in the labor force participation rate over the whole of the past year, despite a steady decline in the official unemployment rate.

The persistent fall in the labor force participation rate reflects the fact that millions if not tens of millions of people have simply given up looking for work, either because there are no jobs available, or because of the terrible pay and working conditions at those that are.

In fact, almost the entire drop in the official unemployment rate last month was attributable to an enormous decline in the labor force, in which 432,000 people in the US stopped looking for work, according to the report.

Wages also stagnated last month, according to the report. Average hourly wages for workers in the private sector were flat in June, and they were up by only 2 percent over the course of the past year.

A look at the industries where jobs were added reveals why this is the case. The number of manufacturing jobs, which in many cases pay higher wages, grew by only 4,000, while construction and government jobs remained unchanged.

Relatively low-paying service sector jobs, meanwhile, made up the bulk of the positions that were added. The health care sector, which employs a mass of low-wage workers alongside a small number of higher-skilled medical professionals, added 40,000 jobs.

The retail sector, which pays a typical salesperson $10.23 per hour, added 33,000 jobs, while the leisure and hospitality sector, which pays a typical worker $10.41 per hour, added 22,000. Temporary employment agencies added 20,000 jobs last month, five times more than the entire US manufacturing sector.

The persistent growth of low-wage service sector employment at the expense of higher-paying skilled and manufacturing jobs has been perhaps a predominant component of the Obama "recovery."

Last year, the National Employment Law Project noted that while US businesses had added 1.85 million low-wage jobs since 2008, they had eliminated 1.83 million medium-wage and high-wage jobs during the same period.

Other elements in the report pointed to a more persistent economic slump. In particular, higher-than-average jobs gains in May and April were revised down by a total of 60,000 positions.

Despite the celebratory tone taken by the White House, economists quoted in major newspapers warned of the disturbing trends expressed in the report.

"The labor markets just can't hit their stride," economist Guy LeBas told the *Wall Street Journal*. "As has been the case with many economic data points in the last few years, the headlines are decent, but most of the underlying details are deeply disappointing."

Others warned of potential dangers ahead. "The numbers show that employment in the U.S. may be peaking," economist Tara Sinclair told the *Journal*. "If wages aren't growing and we can't get people back into the labor force, it won't be possible to keep adding 200,000 jobs each month."

The latest jobs report follows the publication of a string of figures showing the persistent growth in social inequality and social distress in the US over the past year.

Last Wednesday, University of California Berkeley economist Emmanuel Saez published figures showing that the share of income gobbled up by top earners continued to grow in 2014. The top one percent of earners received 21.2 percent of all income in 2014, up from 20.1 percent the year before.

The same day that Saez published his report, the *Wall Street Journal* unveiled a separate survey of executive pay, which found that CEOs at major corporations it surveyed had their pay increase by 13.5 percent in 2014, hitting $13.6 million.

Also Wednesday, Harvard University's Joint Center For Housing Studies released a study showing that homeownership in the US had hit the lowest level in two decades. It found that for those ages 35-44, the homeownership rate has hit the lowest level since the 1960s.

Under these conditions, Obama was forced to qualify his praise for last month's jobs report by hinting at the disastrous conditions facing working people in the US. Obama declared, "there are a lot of folks who still feel like the playing field is tilted in ways that make it hard for them to get ahead."

He should know, having done more than anyone else to secure this outcome. Even while pushing the expansion of low-paying jobs during the 2008 auto restructuring and supporting the drive of the city of Detroit to use bankruptcy to slash workers' pensions, the Obama administration has provided trillions of dollars for the financial elite in the form of bank bailouts, zero-interest-rate central bank policies, and "quantitative easing."

Now, Obama declares, "We've got more work to do because we've got to get folks' wages and incomes to keep going up."

Obama's proposal to deal with stagnating wages, unveiled earlier this week and reiterated in his report, is a scheme to make an additional 3 percent of US workers eligible for overtime. According to the Labor Department, the proposal would increase wages for only 1.2 million people, adding $1.3 billion to total wages for US workers per year.

Obama's trivial proposal on overtime pay is in line with the record of his entire presidency, which has sought to impose the full cost of the global capitalist crisis on the backs of the working class, while doing everything possible to protect and expand the wealth of the financial oligarchy that controls political life in the United States.