US markets fall after release of jobs report

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The US economy added 173,000 jobs in August, below economists' predictions of 217,000, according to the US Department of Labor's latest jobs report released Friday. The labor force participation rate remained at 62.6 percent for a third month—the lowest rate since October 1977.

While payroll figures were worse than expected, the official jobless rate fell to 5.1 percent, the lowest since April 2008. Additionally, job gains for July and June were both revised upward by 30,000 and 14,000 respectively.

The release of the jobs report sent the Dow Jones Industrial Average down 278 points, or 1.7 percent on Friday. The Standard and Poor's 500 lost 1.5 percent of its value, and the Nasdaq composite lost 1.1 percent. This followed last week's sell-off in which the Dow and the S&P both lost 5.8 percent and the Nasdaq lost 6.8 percent.

The August jobs report comes amidst a mounting crisis in the global economy, fueled by a slump in commodities prices, slowing economic growth in China, and concerns over the creditworthiness of emerging market economies.

Friday's report is the last before the mid-September Federal Reserve Board meeting. The US central bank had previously indicated that it would consider at the meeting raising interest rates from their current level of near zero.

The decline in the US stock market reflected concerns by Wall Street that the jobs figures do not send a clear enough signal that the Fed will delay raising rates at its next meeting. As Paul Ashworth at Capital Economics wrote in a research note cited in the *New York Times*, "As far as we're concerned, the September meeting is a 50-50 toss-up."

The Federal Reserve has kept interest rates near zero for more than six years, sending trillions of dollars of cheap credit into the financial system. These policies have led to a ballooning of the stock market, as well as the wealth of the financial elite, while doing nothing to expand real economic output.

Financial markets in Europe also closed lower Friday, with large losses due to continuing fears over the global economy that were not eased by the US jobs report. The German DAX closed down 2.71 percent, and the pan-European STOXX 600 index lost around 2.5 percent.

These declines came a day after Mario Draghi, the president of the European Central Bank, revised expected growth rates downward for the Eurozone and announced that the ECB stands ready to expand its quantitative easing program in response to turbulence in the global economy.

Some commentators have praised the 5.1 percent official employment figure as a sign of a recovery from the post-2008 recession. The figure, down from 5.3 percent last month, is the lowest since April 2008.

The official jobless rate, however, ignores an estimated 3.47 million potential workers who, "because of weak job opportunities, are neither employed nor actively seeking a job," according to the Economic Policy Institute (EPI). Were these workers counted, the unemployment rate would be 7.2 percent.

The EPI also noted Friday that the growth in US jobs is only just enough to keep up with population growth. It wrote, "A great example of just how slow this job recovery is going is the flat prime-age employment-to-population ratio. This means the economy is only adding enough jobs to keep up with prime-age population growth—nothing more, nothing less."

The Labor Department's report states that there are 6.5 million part-time workers who wish they could be working more, but due to economic reasons are unable to acquire a full-time job. A total of 10.3 percent of the workforce are either unemployed, marginally attached to the workforce, or are underemployed, according to

Friday’s report.

While the economy added jobs in the service sector, the manufacturing sector lost 17,000 jobs. Job losses were also concentrated in the mining sector, with 9,000 jobs lost. Since the beginning of the year, 90,000 jobs have been eliminated in the mining and logging category, which includes the oil and gas industry. This sharp decline has been driven by the plummeting of oil prices as well as other primary goods. Recent data showing the contraction of Chinese manufacturing will only compound this slowdown.

Job growth was focused in the lower-paid sectors of health care and social assistance, which added 56,000 jobs in August. Additionally, the number of jobs in restaurants and bars increased by 26,000, business and professional services by 33,000 and financial services by 19,000.

These figures, showing declines in the relatively higher-paying manufacturing sector and increases in lower-paid sectors, conform to the general trend of a “low-wage recovery” over the past six years. The National Employment Law Project (NELP) reported this week that real wages had declined by 4 percent since the start of the recession. The lowest-paid sections of the workforce were hit the hardest, with those making less than about $11 an hour seeing a 5.7 percent fall in their wages.

An earlier report by the NELP found that a disproportionate amount of jobs created during the so-called economic “recovery” pay less than $13 an hour. While 1.85 million low-wage jobs were created over the past six years, 1.83 million medium-wage and high-wage jobs were lost during that time.