US unemployment rate dips, but millions remain jobless or face wage cuts

Jerry White
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The US added 4.8 million jobs in June the Labor Department reported Thursday as leisure, hospitality, retail and other largely low-wage businesses reopened last month as part of the rush to reopen the economy.

Responding to the figures President Trump declared, "this is the largest monthly jobs gain in the history of our country," which proves that "our economy is roaring back." He boasted that the "stock market is doing extremely well" and then claimed that his administration's response to the pandemic was "working out very well."

After an historic loss of 22.2 million jobs in March and April, employment has increased by 7.5 million over the last two months. But the US has still suffered a net loss of 14.7 million jobs—or 9.6 percent—since February.

The fall in the official jobless rate to 11.1 percent, moreover, is based on employment data that was collected in mid-June before at least 19 states were forced to pause or roll back reopening plans due to the 80 percent rise in COVID-19 cases over the last two weeks. On Thursday the US hit a new daily record of 53,000 infections, with the new epicenters of the disease in Texas, Arizona, California and Florida.

According to the Labor Department report, leisure and hospitality employment rose by 2.1 million, accounting for about two-fifths of the gain in total nonfarm employment in June. Jobs in food services and drinking places rose by 1.5 million last month, following a similar gain in May. Despite these gains, employment in food services and drinking places is down by 3.1 million since February.

Employment in the retail trade rose by 740,000, after a gain of 372,000 in May and losses totaling 2.4 million in March and April combined. On net, employment in the industry is 1.3 million below what it was in February.

Economists warn that many of the job gains in restaurants, bars and retail establishments can be attributed to the government's Paycheck Protection Program, which provided small businesses loans to cover eight weeks of wages and other expenses. The expiration of these loans will to lead to a new wave of layoffs.

The herding of workers back into the factories, despite the uncontrolled spread of the virus, also led to a rise in manufacturing employment by 356,000, with over half the job gains in motor vehicle and parts production. Manufacturing employment is still down by 757,000 since February. Construction employment also increased by 158,000 in June, following a gain of 453,000 in May. There have been several outbreaks of coronavirus on construction sites in California, Texas and other states.

The official jobless rate does not count millions of workers who are undocumented immigrants, those forced to work part-time who want full-time jobs and workers who have fallen out of the labor force. Some 8.2 million workers, up from 5 million in February, are not counted as unemployed because they have not been actively looking for a job during the last four weeks or were unavailable to work. Another 9.1 million workers were forced to work part time in June, more than double the February level.

In a separate report released Thursday, the Labor Department stated that 1.43 million workers filed first-time claims for unemployment benefits last week. More than 48 million laid off workers filed for benefits over the last 15 weeks and the number receiving benefits for consecutive weeks rose by 59,000 last week to 19.29 million. Several states saw increases in initial claims last week, including Indiana (24,033), Washington (8,110) and Virginia (7,769), the Labor Department reported.

Despite Trump's claim that the "economy is roaring back," corporations are carrying out mass layoffs and using the pandemic to implement long-planned restructuring and cost-cutting plans. Under the terms of the bipartisan CARES Act, the government handed a $25 billion bailout to US airlines, which agreed not to implement any involuntary layoffs or furloughs before October 1. A tidal wave of layoffs is expected after that.

American Airlines told staff Thursday it has more than 20,000 employees, including 8,000 flight attendants, that it doesn't need due to reduced air travel plans in the Fall. Last month, American Airlines CEO Doug Parker told investors that the company would have "20 percent fewer people," adding, "We're able to use this crisis to figure out things that we can do more efficiently."

Delta Air Lines told its pilots last week that it would soon send out furlough notices to 2,558 pilots, nearly 20 percent of its pilots. United CEO Scott Kirby said last month that the airline could avoid layoffs if employees were willing to accept reduced work hours and pay. "We are hopeful at United that we can work with our unions to variablize our pay structure and frankly, not lay anyone off, not furlough any of our frontline employees. Instead, using voluntary programs, and in particular, asking people to work fewer hours until we get through the crisis."

Demands for reduced work hours and wage cuts are being made across the economy. In an article titled, "Pay cuts are becoming a defining feature of the coronavirus recession," the *Washington Post* noted this week that twice as many US workers have had their pay cut during the pandemic than in the Great Recession.

At least four million private-sector workers have had their pay cut, according to data provided to the *Post* by economists who worked on a labor market analysis for the University of Chicago's Becker Friedman Institute. "Salary cuts are spreading most rapidly," the article noted, "in white-collar industries, which suggests a deep recession and slow recovery since white-collar workers are usually the last to feel financial pain."

Hourly workers have also seen their hours and weekly pay reduced. Companies like General Motors, BuzzFeed News, Occidental Petroleum, HCA Healthcare, Mass General Brigham, Tesla and Sotheby's, as well as the states of Ohio and California, have told workers they must accept pay cuts between 5 and 50 percent to save their jobs. The median wage reduction was 10 percent, the study found.

Two years ago, business leaders and the corporate media were complaining that record low unemployment levels had led to "tight labor markets" and the largest increase in wages in nearly a decade. Although the increase—3.1 percent—was barely above inflation and did not even make a dent in the decline in real wages that has taken place not only since 2008, but since 1978, the paltry rise was considered unacceptable by the corporate and financial elite.

With the destruction of tens of millions of jobs—and estimates that nearly 40 percent will never come back—the ruling class has gotten rid of its "tight labor market" problem. It now hopes to use mass joblessness as a hammer to further drive down the wages and conditions of workers.

At the same time, the Trump administration wants to use the prospect of destitution to drive workers back into the factories and other workplaces, which are still vectors of the deadly COVID-19 disease.

On Wednesday, Trump's labor secretary, Eugene Scalia, made it clear the administration would not renew the extra $600 a week in benefits that unemployed workers receive, once the program ends the week of July 25. "The extra $600," Scalia told an Ohio audience, "was really an important benefit for Americans" when "the economy was shutting down and Americans were being told 'You can't go to work.' As we reopen, I don't think we want to continue that," Scalia said.

The elimination of the benefit will mean a 66 percent reduction in weekly income for jobless workers even as food prices have seen the largest rise in half a century. The gutting of this meager social safety net, along with demands for sacrifice from corporations that have received massive bailouts, will provoke enormous social conflict and foster greater support for the socialist transformation of the US and world economy.

"Wall Street is a giant vacuum cleaner, sucking up all the money in society," said a Fiat Chrysler worker in Detroit who participated in a work stoppage over the spread of COVID-19 in his factory last week. "This is a class war."