

Drop in September job growth shows slowdown in US recovery

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The US Bureau of Labor Statistics (BLS) reported Friday that September non-farm payroll employment rose by just 661,000 jobs, less than half of the number in August and the fourth monthly decline since June. The number of new jobs in September was far short of the 800,000 expected by economists.

The BLS report said that slowing job growth “occurred in leisure and hospitality, in retail trade, in health care and social assistance, and in professional and business services.” It noted that employment in government actually declined over the month, “mainly in state and local government education.”

The report also said that the US unemployment rate declined by half a percentage point to 7.9 percent, about one quarter of the decline in August of 1.8 percent. The total number of employed workers is still 10.7 million less than were employed in February, before the coronavirus pandemic began.

The number of workers considered permanently unemployed because there is no job for them to return to rose in September to a total of 3.8 million. This is an increase of 2.5 million since February.

Another way of looking at the rise in the number of permanently unemployed is the decline in the labor participation rate. This number for men is 67.6 percent, the lowest since records began except for the earliest months of the pandemic. For women, the labor participation rate is 55.6 percent, the lowest since the late 1980s.

The steep drop in key employment indicators shows that a rapid—or V-shaped—economic recovery from the catastrophic events of March and April is not happening. Far from it. As stated by the *Wall Street Journal* on Friday afternoon, the sharply slowing hiring gains heading into the fall, along with increasing numbers of permanently unemployed, are “adding to

signs that the US economy faces a long slog to fully recover from the coronavirus pandemic.”

Beth Ann Bovino, chief US economist at S&P Global Ratings, told the *Journal* that many businesses that laid off workers during the early days of the pandemic are now out of business. “It will be much harder to bring back that workforce in an economy that’s moving into a long, slow recovery,” Bovino said.

On the day the world woke up to the news that President Trump had tested positive for COVID-19, the White House unsuccessfully attempted to present the September jobs data as good news.

Treasury Secretary Steven Mnuchin said he was pleased with the labor market’s progress even though parts of the economy continued to need help. Mnuchin said the BLS figures were “another good unemployment report,” and added, “I never thought a year ago I’d say I’m really proud of the fact that we have unemployment below 8 percent, but I really am.”

Larry Kudlow, director of the National Economic Council, said unconvincingly on Fox Business Network that economists were misreading the numbers. “I think they are better than some people think. The overall economy is looking good,” Kudlow said.

The dismal September jobs report also comes amid expanding layoff announcements by large corporations in the entertainment, airline, energy and retail sectors. As reported yesterday on the *World Socialist Web Site*, Walt Disney announced 28,000 permanent theme park layoffs; US Royal Dutch Shell will be cutting as many as 9,000 workers; and the major US airlines are eliminating tens of thousands of jobs.

In the retail industry, a report by the professional services firm BDO USA says that 29 companies have filed for bankruptcy protection in 2020. The report also said that from January through mid-August, more than

10,000 retail stores were closed both by firms filing for Chapter 11 bankruptcy protection—including Neiman Marcus, JC Penney, Pier 1 Imports and GNC Holdings—and those that remain solvent, such as Macy's, Bed Bath & Beyond and Gap, Inc. Other market studies show that there could be as many as 25,000 US retail store closures by the end of 2020.

An opinion piece in the *Washington Post* by columnist Catherine Rampell compares the change in employment during the present economic crisis to other post-World War II recessions, including the Great Recession of 2007–2009.

The graphic presentation of employment data, illustrating the number of months it took for each recession to return to the employment levels that existed before the downturn hit, shows that the economic depression triggered by the coronavirus pandemic is of a fundamentally different magnitude and character than anything that has happened over the past 75 years of world capitalism.

As the coronavirus continues to expand and surge in many parts of the country, the jobs crisis deepens, with economic activity restricted or shut down, in some cases for a second time. Meanwhile, the corporations and the banks are taking advantage of the crisis to move forward with massive cuts that were being discussed long before the pandemic began.

The stalled employment situation facing millions of workers stands in stark contrast to the wealth being accumulated on Wall Street since the onset of the economic crisis. The CARES Act, passed nearly unanimously by both Democrats and Republicans and signed into law by President Trump in late March, funneled trillions of dollars into corporate bank accounts, and the Federal Reserve has continued to inject trillions more into the stock markets, increasing the wealth of the superrich.

Meanwhile, the two parties have conspired to strip laid off workers of the \$600-per-week federal unemployment supplement, which expired at the end of July, leaving millions of workers unable to make rent and car payments and properly feed their families.



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