Weak US jobs report not weak enough: Financial markets plunge

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The U.S. Bureau of Labor Statistics (BLS) reported Friday morning that just 263,000 jobs were added in the month of September, down from 315,000 in August. The total of new jobs matched the previous low, in April of 2021, for monthly job creation over the past 20 months.

Although the BLS reported that the unemployment rate fell to 3.5 percent in September, down from 3.7 percent in August, the labor force participation rate also fell, to 62.3 percent from 62.4 percent the prior month. The drop in the official jobless rate was caused by an increase in workers leaving the labor market, continuing a trend that began 2020 with the onset of the coronavirus pandemic.

This dashed hopes in the ruling class that the series of sharp interest rate increases imposed by the Federal Reserve in recent months had begun to slash the availability of jobs sufficiently to force workers to take low-paying positions in order to make ends meet. This meant that more rate hikes of 0.75 percentage points or even more were in the offing, placing additional pressure on massively indebted banks, corporations and financial speculators and fueling further declines in stock prices.

Wage growth slowed in September, with hourly earnings rising by just 5 percent as compared to 5.2 percent in August, the slowest annual rate since December 2021. With the latest inflation rate figures from August at 8.263 percent, the September wage increases translate into ongoing reductions in real wages for workers.

But this too was a disappointment for the corporate elite, who are demanding more rapid and steeper wage cuts.

For the working class, the September BLS data means that overall economic conditions are worsening and the Federal Reserve's deliberate policy of driving up interest rates to increase unemployment and attack workers' wages is taking effect. For the ruling class, the carnage is still too little and too slow.

The class war policy was stated bluntly by Fed Chair Jerome Powell on September 21, when he responded to a question about how long Americans had to endure the "economic pain" being brought on by the central bank. He replied that it depended on "how long it takes for wages... to come down."

Stocks fell sharply on Friday, with the Dow Jones Industrial Average dropping 630.15 points, or 2.1 percent, the S&P 500 index falling 2.8 percent and the NASDAQ plunging 3.8 percent.

The financial markets want to break the back of a growing movement of workers for wage increases, under conditions of record corporate profits and decades of attacks on workers' living standards, benefits and workplace rights, by driving up unemployment.

The position of the ruling establishment on the jobs report was summed up by Carl Tannenbaum, chief economist at Northern Trust, who told the *New York Times*: "If I had just woken up from a really long nap and seen these numbers, I would conclude that we still have one of the strongest job markets that we've ever enjoyed."

The Federal Reserve is scheduled to meet next on November 2 and is watching the jobs data closely. All indications are that rates will be raised another 75 basis points, an unprecedented fourth straight 0.75 percentage point increase, eclipsing a similar recessionary attack carried out Fed Chairman Paul Volcker in the early 1980s.

Federal Reserve Governor Christopher Waller gave a speech on Thursday, saying, "I imagine we will have a very thoughtful discussion about the pace of tightening at our next meeting." He noted that little progress had been made on inflation, adding that "until that progress is both meaningful and persistent, I support continued rate increases, along with ongoing reductions in the Fed's balance sheet, to help restrain aggregate demand."

Sarah House, senior economist at Wells Fargo, the fourth largest bank in the U.S., who told the *Wall Street Journal*, "We are seeing labor demand cool. But we have a long way to go towards restoring balance between supply and demand for labor."

Responding to the BLS September wage data, which is more than 3 percent behind inflation, House said, "That's still too strong for an inflation target of 2 percent, but it's a step in the right direction."

The *Journal* said that many firms have slowed hiring or laid off workers in industries that are sensitive to interest rate increases, such as technology and real estate. Some companies that saw a rise in demand earlier in the pandemic are cutting back as consumer spending is impacted by the rate increases.

The *Journal* report added: "Peloton Interactive Inc. said Thursday that it plans to cut about 500 jobs, roughly 12 percent of its remaining workforce, in the exercise-equipment company's fourth round of layoffs this year. Other companies, from Facebook owner Meta Platforms Inc. to Snap Inc. and Stanley Black & Decker Inc., are cutting jobs, while others, including Amazon.com Inc. and Alphabet Inc.'s Google, have said they would freeze or pull back on hiring."

CNN Business said that labor force participation was an area of concern for the Fed. "Getting a larger share of people into the workforce can help bring down wage growth, one of several factors Fed officials fear could keep inflation high," it wrote.

Speaking at the Volvo Group Powertrain Operations Facility in Hagerstown, Maryland on Friday afternoon, President Biden attempted to cover up the reality of what is taking place and presented the September jobs creation data as a continuation of his administration's "historic progress" in the "post-pandemic" economic recovery.

Instead of discussing the deliberate instigation of a recession by the Fed, Biden referred to an "economic transition" from a "historically strong economic recovery to a more steady, stable recovery."

Biden toured the plant with Volvo Group North America Chairman and President of Mack Trucks Martin Weissburg, along with UAW Region 8 Director Mitchell Smith and U.S. Rep. David Trone. In 2021, the UAW sold out a three-month-long struggle by Volvo Truck workers in Dublin, Virginia, which included two separate strikes and rank-and-file rejection of three pro-company tentative contracts.

Biden continued to present the deepening assault on workers as a pro-worker policy, declaring, "Wage growth for workers remains solid, down from the historic high pace months ago but still growing for workers who deserve a raise. And this is the progress we need to see."