Stronger than expected US jobs report sparks calls for further interest rate hikes

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The US Bureau of Labor Statistics reported 263,000 new jobs created in November, significantly higher than the projection of 200,000 jobs. The official unemployment rate remained steady at 3.7 percent, a low level by historical standards.

The rise in the number of new jobs comes in the face of continuing efforts by the US Federal Reserve to drive up the unemployment rate and trigger a recession through sharp increases in interest rates. Stocks fell on the news, reflecting expectations that the continuing growth in jobs will prompt the US central bank to continue its program of interest rate rises, which have already driven up rates 3.75 basis points since March. This is despite the fact that the 263,000 new jobs added in November was the lowest monthly total in two years.

The Federal Reserve is expected to raise rates again in December. It had been expected that the rate rises would begin to taper off. However, in light of this week's jobs report, there is now speculation that the Fed will impose another sharp increase.

In remarks Friday, President Joe Biden hailed the jobs report, declaring that "we continue to create jobs," before adding that things "are moving in the right direction."

What he meant by that he did not elaborate, but the deliberate policy of the White House and the Fed is to drive up the unemployment rate to weaken the working class and undermine the ongoing strike movement for higher wages.

To this end he is enlisting the support of the trade union bureaucracy to prevent strikes and block wage rises. This was highlighted by Biden's direct intervention in the rail struggle, where he has signed strikebreaking legislation passed by Congress and supported tacitly, if not openly, by the unions to impose below-inflation wage increases and virtually unlimited forced overtime.

The negative reaction by the corporate media to the latest employment numbers was based on the premise that the decline in job creation was not deep enough, thus illustrating the antisocial character of the capitalist system. In the view of finance capital, higher levels of unemployment are a positive good, increasing the competition among workers for jobs and helping to drive down wages and boost corporate profits.

The jobs numbers prompted *Bloomberg News* to write, "This is exactly the wrong report at the wrong time," expressing the concerns of Wall Street that the relative availability of jobs will encourage workers to press wage demands in the face of still-surging inflation.

One analyst *Bloomberg* cited lamented, "It will not have gone unnoticed by Fed officials that average hourly earnings have steadily strengthened over the past three months, exceeding all expectations, and the absolute wrong direction to what they are hoping for."

For the ruling class, the so-called fight against inflation is in fact a fight against the working class. Wall Street is determined to use the highest inflation rates in many decades to further slash workers' living standards. While supposedly "excessive" wages are being blamed for price rises, average hourly wages have increased only 5.1 percent from one year ago, well below the current inflation rate, which stands at near 8 percent after peaking at over 9 percent.

The major job increases last month were in leisure and hospitality and health care and education, sectors that tend to have lower rates of pay. Meanwhile, manufacturing jobs fell for the first time in over two years.

Despite the continuing overall jobs growth, there are increasing signs in the form of job cuts that the interest rate increases are having their intended effect of slowing the economy. Overall employment last month actually fell in warehouse, retail and transportation.

Recently, a number of retailers and tech companies have announced sweeping layoffs, including Walmart, Amazon, Twitter, Facebook parent Meta and Google, cutting thousands of white-collar jobs. Amazon alone cut 10,000 jobs, 3 percent of its workforce, mostly in the field of human relations, not warehouse. Meta is cutting 13 percent of its workforce, or 11,000 positions.

Others announcing major job cuts include at home food delivery service DoorDash, which plans to cut 1,250 workers, or about 7 percent of its total payroll. Social media company Snap Inc. is cutting 20 percent of its workforce, and cable streaming channel AMC Networks says it is cutting 20 percent of its US workforce.

However, despite the cuts, the unemployment rate has remained steady as the number of workers looking for jobs continues to be depressed due to the impact of the pandemic. The labor force participation rate, a measure of the number of workers actually working or looking for jobs, fell in November to 62.1 percent, down from 62.4 percent in August. The numbers are well below the pre-pandemic normal.

In remarks earlier this week at the Brookings Institution, Federal Reserve Chairman Jerome Powell defended his program of interest rate hikes, cynically invoking the devastating impact of inflation on workers. He declared, "Right now people's wages are being eaten up by inflation."

He went on to assert, "But if you want to have a sustainable, strong labor market, where real wages are going up right across the wage spectrum, especially for people at the lower end, you've got to have price stability."

In fact, the measures the Federal Reserve is taking are aimed at blocking workers from seeking higher wages to offset inflation, guaranteeing the further impoverishment of broad sections of the population already suffering under the impact of three years of the COVID-19 pandemic.

Powell went on to concede that the declining numbers entering the workforce were due largely to the pandemic, stating, "Some of the participation gap reflects workers who are still out of the labor force because they are sick with COVID-19 or continue to suffer lingering symptoms from previous COVID infections." He also referenced COVID-related early retirements, which, he said, "might now account for more than 2 million of the 3½ million shortfall in the labor force."

The entire premise of the Fed policy is based on the lie that inflation is being driven by "excessive" wage increases. This is empirically untrue, since price rises are well above the growth in wages.

In reality, inflation is a product of the irrational and socially destructive response of capitalist ruling elites all over the world to the COVID-19 pandemic. At every point, the ruling class has prioritized short-term profit interests over human lives.

The result has been a catastrophic drop in life expectancy, the sickening and disabling of significant sections of the population, and the disruption of supply chains and production.

The funneling of trillions of dollars of public money to prop up the financial markets and fill corporate coffers, as well as massive spending on the US-NATO war in Ukraine and economic sanctions against Russia have served to further stoke price rises in basic commodities. Now this money has to be clawed back from the working class.

Against the lineup of the Biden administration, Congress, the unions and the banks, the working class must advance an independent program and strategy based on the socialist reorganization of society, establishing the principle of production based on human need, not profit.