March US jobs report shows deepening impact of interest rate increases on the working class

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The US Labor Department reported on Friday that 236,000 new jobs were created in March, a rate that is below the previous six-month average of 334,000 but considered not low enough by the ruling establishment.

The latest job growth numbers were widely interpreted as a sign that the economy is "cooling," otherwise known as a recession, which is being demanded by the financial elite aimed at imposing real term wage cuts on the working class.

While job growth was lower, the government report also said that unemployment fell to 3.5 percent in March from 3.6 percent in February.

The *Wall Street Journal* reported, "More Americans jumped into the labor market in March, helping take pressure off wage increases. Average hourly earnings rose 4.2 percent last month from a year earlier, the smallest annual gain since mid-2021 when inflation was surging."

The low year-over-year average hourly earnings increase is another indicator that successive interest rate increases by the Federal Reserve are having the desired effect.

Wage increases remain below the rate of inflation which stood at 6 percent in February, meaning workers across the country and in every industry continue to experience rapidly declining wages as incomes fall further and further behind rising prices.

The March 2023 Consumer Price Index (CPI) numbers are scheduled to be released by the Labor Department on April 12.

Meanwhile, the jobs report shows that the economic sectors with growing employment numbers are in leisure and hospitality, education and health, government and business services, while the number of jobs in manufacturing, construction and retail contracted by a total of more than 25,000 workers in March.

The Federal Reserve continued to raise rates at its most recent meeting in March by 25 basis points, bringing the federal funds rate to a range of 4.75 percent and 5.00 percent, even though the previous year of rapid rate increases was a major factor in the recent banking insolvencies, including the collapse of Silicon Valley Bank and several other medium-size regional banks.

Discussions within the political and financial establishment have been focused on the fact that a sharp recession is no doubt coming, and it must be dressed up in advance as either a "soft" or "hard" landing.

The *New York Times*, for example, quoted Preston Caldwell, chief US economist for Morningstar Research, who claimed the latest data offers hope that the Federal Reserve interest rate strategy could "cool off the economy without causing a recession."

He said, "It does look like the range of options that are adjacent to what we might call a soft landing is expanding. Wage growth has mostly normalized now without a massive uptick in unemployment. And a year ago, a lot of people were not predicting that."

This rationalizing of the year-long aggressive attack on the working class by the Federal Reserve is also being made use of by the Biden administration to paint a recession as a good thing.

The *Times* says the jobs report was welcome news to the President, "who has said for more than a year that job creation needs to slow to about 150,000 jobs a month to curb the rapid rise in consumer prices and

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restore a sense of economic stability." The report goes on, "Mr. Biden has sought to balance celebrations of strong job growth with reassurances that inflation is starting to cool."

A commentary by Jeff Sommer, also published by the *Times* on Friday, entitled "U.S. Economy May Be Heading to a Place That Must Not Be Named," says, "[i]t's clear that central bank policymakers recognize that there is a good chance of a sharp slowdown soon. Their own policies are at least partly responsible for making that happen."

Sommer also writes, "The Fed doesn't spell this out. But for growth for the full year to fall to 0.4 percent, as the Fed predicts, the economy would need to shrink rapidly in the next six months or so," and, "Whether the slowdown engineered by the Fed will be justifiably called a soft landing—a slowdown that won't be remembered as a particularly devastating downturn in years to come—or a crash that really hurts millions of people is a crucial question."

On Thursday, in a lengthy review of the March rate increase decision by the Federal Reserve, the *Wall Street Journal* articulated the strategy bluntly, "They expected to hold rates at high levels this year while the economy slows, resulting in essentially no growth and rising unemployment."

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