US unemployment rate inches up despite 339,000 new jobs added in May

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The May jobs report released Friday by the US Bureau of Labor Statistics showed mixed indicators, with a stronger than expected 339,000 jobs added last month while unemployment edged up from 3.4 to 3.7 percent. The total number of those employed fell by 310,000.

These job numbers were well above the 253,000 new jobs created in April, which in turn was well above estimates. In May, forecasts had projected 195,000 new jobs and 3.5 percent unemployment rate.

Financial markets rose on release of the jobs report on the expectation that the increase in unemployment would forestall another interest rate hike when the US Federal Reserve Board meets later this month. The US central bank has been relentlessly driving interest rates higher over the past year with the aim of increasing unemployment and crushing the push for higher wages by workers.

However, many economists say they expect interest rate rises to continue. Christopher Rupkey, chief economist at FWDBONDS told *Yahoo Finance* “the Fed can’t afford to pass on a rate hike at the June meeting as the labor market is just too darn strong.”

Wage growth in May remained anemic, rising at a 4.3 percent annual rate, significantly below official inflation rates, signaling that living standards for the working class continue to erode. Manufacturing activity declined in May for the seventh straight month in a row while service sector jobs, such as travel and leisure as well as health care showed increases. Construction also added 25,000 jobs.

Professional and business services, government employment, transportation and warehousing, and social assistance all showed job gains. Despite this, the total number of unemployed rose 440,000 to 6.1 million. The jobless rate among adult women (3.3 percent) and African Americans (5.6 percent) rose in May. The unemployment rate for the disabled and those without high school or college education also rose significantly. Meanwhile, the average work week fell to 34.3 hours, the lowest since April 2020.

Overall US economic growth was a miserable 1.3 percent in the first quarter of the year.

The contradiction between the larger than expected number of new jobs and the parallel rise in joblessness appears to reflect the differences in the way the two figures are calculated. The unemployment figures are based on a survey of households, which includes employment in gig work and other nontraditional employment while the business survey, which is used to measure job creation, does not count those types of work.

The labor force participation rate, a more accurate measure, which indicates the total proportion of the population that is employed, was basically unchanged in May at 62.6 percent below the February 2020 prepandemic level of 63.3 percent.

In response to the jobs report, President Joe Biden issued a statement boasting “today is a good day for the American economy and American workers.” His remarks are dishonest and cynical. In fact, as far as the Biden administration is concerned, the employment numbers are not “good news” and run counter to his administration’s efforts to increase unemployment through the use of interest rate increases. The ruling class interests that Biden represents view with fear and hostility the increase in strikes and workers’ struggles sparked by surging price increases. The Biden administration, through the Federal Reserve, is seeking to undercut this growing rebellion by triggering a recession and a rise in unemployment.

The fact is that relentless rate hikes by the Federal

Reserve have already resulted in tens of thousands of job cuts this year, including at Amazon, retailer Walmart and Facebook parent Meta. Carmaker Stellantis is seeking to cut 3,500 jobs through buyouts and early retirements. In February, Stellantis closed its Belvidere, Illinois, assembly plant. Ford and other auto companies are planning massive job cuts as they seek to offload the cost of the transition to electric vehicles onto workers.

Pressure is being further applied to the more hard pressed sections of the working class through the ending of pandemic related spending, including drastic cuts to food stamp allotments and the purging of millions from the Medicaid rolls. The reactionary debt agreement enacted by Congress and signed by Biden will slash billions from public spending on education, health care and other vital services on which workers depend.

As far as Wall Street is concerned this is all to the good. The worry is that by cutting off the flow of virtually free money to the financial markets, the US Fed may explode the massive bubble of debt that has been created by its loose policies. Since Silicon Valley Bank collapsed in mid-March, three of the four largest bank failures in US history have occurred. Fear of further destabilization of the banking sector led many to believe the Fed would pause further rate increases when it meets later this month.

The mounting economic crisis takes place alongside of the explosive growth of the class struggle in the US and internationally, as workers seek to recover ground lost to inflation and years of concessions.

Strikes and protests are continuing across France in the wake of the imposition in cuts to pensions imposed by the right wing Macron government. In Britain, postal workers are in rebellion against a sellout deal being worked out by the Communication Workers Union in secret talks with management.

In the United States workers at battery maker Clarios outside of Toledo, Ohio, are continuing a militant strike after twice voting down sellout agreements negotiated by the United Auto Workers. The strike by these auto parts workers presages major struggles this summer as contracts for hundreds of thousands of workers are up for renegotiation including at delivery service UPS and the contracts in both the US and Canada at the Big Three Detroit-based automakers.

In all these struggles workers are determined to make significant gains after years and decades in which the unions imposed one round of concessions after another, decimating pensions, wages, benefits, working conditions and jobs. Workers' resolve has been hardened by three years of a deadly pandemic in which hundreds of thousands of lives have been needlessly sacrificed in order to keep profits flowing into the coffers of Wall Street.